

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



By Michael Pröbsting

Published by the *Revolutionary Communist International Tendency*

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This book is dedicated to all those who devote their lives to the working class' liberation struggle and to the building of the revolutionary world party without which this liberation struggle can not win.

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Contents

List of Tables	9
List of Figures	12
List of Abbreviations	16
Introduction	17
1. Lenin’s Theory of Imperialism	21
“...as precise and full a Definition of Imperialism as possible”	21
Trotsky’s View of Lenin’s Theory of Imperialism	23
The Division of the World into Oppressing and Oppressed Nations	24
The Semi-Colonial Countries: a modified Form of Imperialist Subjugation or Independent Capitalist States?	25
The Role of the Superstructure and its Relationship with the Economic Basis	29
Imperialism and the Semi-Colonial State.	32
2. Monopolism and the increasing Role of Monopolies in the World Economy	35
Imperialism as Policy or as Monopolism based on Economic Laws?	35
Monopolism and Monopoly Profit	38
The ever-increasing Grip of Monopolies in the World Economy	41
3. The Decline of Capitalism since the 1970s	47
4. Capitalist Value Production and the Working Class Move to the South	57
The Marxist Classics on the Industrialization of the South	63
Value and Price on the World Market: The Grand Distortion of the Value Creation in the South.	68
The increasing Importance of the Proletariat in the South and the Emerging Imperialist Countries.	69
5. Rising Exploitation, Super-Exploitation and the Lowering the Value of Labour Force.	81
Marx and the Depressing the Wages below the Value of the Labor Force	81
Impoverishment and Précarisation of the World Working Class in the past Decades	88
The Rise in the Rate of Exploitation.	89

6. Marxist Theory and Imperialist Super-Exploitation of the Semi-Colonial Countries	103
Unequal Exchange	103
Capital Export	111
Migration and Super-Exploitation	112
Centrist Objections	118
The Role of the Foreign Market	119
7. The Various Forms of Imperialist Super-Exploitation of the Semi-Colonial Countries and their Development in the past Decades (Part 1)	123
An Overview on the Financial Net Transfer	123
Importance of Raw Materials and Food	131
The Role of Imperialist Capital Export to the Semi-Colonial World	134
Excuse: Capital Export and Capital Export is not the same	144
8. The Various Forms of Imperialist Super-Exploitation of the Semi-Colonial Countries and their Development in the past Decades (Part 2)	149
i) Extra Profits via Capital Export as Productive Investment	149
Underestimation of surplus value and extra-profits extracted from the South	158
ii) Extra profits via Capital Export as Money Capital (Loans, Currency Reserves, Speculation, etc.)	162
Losses from Currency Exchange	167
Capital Flight	168
iii) Value Transfer from the Semi-Colonial South to the Imperialist North: Unequal Exchange	172
iv) Value Transfer from the Semi-Colonial South to the Imperialist North: Migration	179
Dramatic effects for semi-colonies: Brain Drain and Remittances	183
Direct and Indirect Exploitation of Migrants	184
Attempt for Total Calculation of Imperialist Plundering	189
Excuse: The Role of the Plundering of the Colonies for the Formation of Capitalism in Western Europe in the 16 th to 18 th Century	191
9. Revisionist Critiques of the Leninist Theory of Imperialism	195
The Essence of Centrism	195
Denial of Concept of Semi-Colonies	198
Did Lenin and Trotsky know of Semi-Colonies?	200
When did the Epoch of Imperialism begin?	203
<i>“Sometimes the Creation of ‘Independent’ States leads to a Strengthening of Imperialism.”</i> (Lenin)	204

Backward Countries without Industry and Proletariat?	206
The CWI and the “imperialist” Argentina	211
The Example of Argentina	213
The SWP/IST and the Debt Dependency	216
Is there still a National Question of the Semi-Colonial Countries?	217
The new Theory of “Sub-Imperialism”	220
The Example of Turkey	224
“Sub-Imperialism” or Advanced Semi-Colonies?	227
Rejection of Concept of Labor Aristocracy	228
LFI: A formal Defense of Lenin’s Theory which disembowels its revolutionary Content	236
10. China’s Transformation into an Imperialist Power	241
What are the Criteria for an Imperialist State?	242
China’s race to a World Major Economy	244
China’s Monopolies	247
Exploitation and Super-Exploitation of the Working Class	254
Capital Export as Bond and Loan Capital	264
Capital Export as Foreign Direct Investment	267
A Note on Hong Kong’s Role in Foreign Direct Investment	269
Where is China investing abroad?	269
Super-exploitation of the semi-colonies	273
China’s Military Forces	275
The Struggle for Control over the South China (or East) Sea	277
Where should the Working Class stand in possible Wars involving US and Chinese Imperialism and South-East Asian Nations?	284
Why did China’s Rulers succeed in becoming imperialist where others failed?	286
11. The Theory of Permanent Revolution and its Program for the Working Class Struggle	291
12. The Struggle against Imperialist Aggressions and Wars: The Programme of the early Communist International and the Fourth International	300
i) Reactionary Wars and Conflicts between Imperialist States	301
ii) Just Wars and Resistance of the Oppressed	304
For the Destruction of the Apartheid State Israel!	308
Excursus: Capitalism as a unity of economic, political and ideological Spheres	310
iii) The Struggle for Class Independence and the Anti-imperialist United Front Tactic	312

iv) Liberation Struggles, Imperialist Interference and the Dual Military Tactics	321
The Public Opinion in the Imperialist World must not be the Starting Point for developing a Position towards a War!	322
How to approach various Forms of imperialist Military Interventions?	324
Consequences for the Military Tactic	327
The Marxist Classics on Contradictory Factors in Wars	328
13. Centrism's Failure in the Struggle against Imperialist Wars	331
i) The Malvinas War in 1982	331
ii) The Gulf War in 1991	335
iii) The imperialist War on Terror since 2001	336
Social-Imperialist ex-Stalinists	337
The IST's specific Form of Opportunism	340
How to fight for anti-imperialist Position and how not to fight for it	342
IST policy: Give us some Posts and we stop fighting for our Principles	344
CWI and their Capitulation to Imperialism	349
Socialist Zionism a la CWI	353
Is Revolutionary Defeatism too much for the Working Class? On the CWI' and IMT's Falsification of Lenin's and Trotsky's Method	357
CMR/IRMT: Rejection of Anti-Imperialism in ultra-left Clothes	365
14. Some final remarks on the Perspectives for Class Struggle	371
i) A world historic revolutionary period	372
ii) The present historic period and its consequences for the semi-colonial world	382
The Shift to the South	382
The shift to Asia	383
Increasing Migration and Internationalization of the working class in the North	385
Great Power Rivalry and increasing imperialist leverage and wars of aggression against semi-colonies	387
Tendency towards Colonialism or more room to maneuver for the semi-colonial bourgeoisie?	388
Globalization, regionalization and protectionism	389
The Prospects of Revolution and the Crisis of Working Class Leadership	391
15. Summary	395
Bibliography	417
About the Author	445

List of Tables

Table 1: National composition of Top 50 control-holders Shareholders	44
Table 2: Growth Rate of the worldwide GDP 1971-2010	50
Table 3: Growth Rate of Industrial Production in USA, Japan and EU-15, 1961-2010	51
Table 4: Growth Rate of Gross Fixed Capital Formation in USA, Japan and EU-15, 1961-2010	51
Table 5: Growth Rates of Fixed Capital Stock, 1960-2000	52
Table 6: Share of Imperialist and (Semi-)Colonial Countries in World Industrial Production 1948-1979	57
Table 7: Manufacturing Share by Region, 1985, 1990, 2000 and 2010 (in %) . . .	58
Table 8: Share of Output by Sector in Developed and Developing Countries 1990–2005	59
Table 9: Share of Economic Sectors of GDP in various World Regions 2008 . . .	58
Table 10: Developing and Developed Countries' Share of Global Manufacturing Value added by Industry Sector, 1995–2009	60
Table 11: Wage laborer as a Share of all Employed by Regions, 1996-2008 . . .	69
Table 12: Female Wage Laborer as a Share of all Female Employed by Regions, 2008	70
Table 13: Share of all Labor Force in Economic Sectors in Regions, 1950, 1977 and 2008 (in %)	71
Table 14: Share of all Labor Force in different Regions in the years, 1965, 1995 and 2008/09	72
Table 15: Growth of the Working Class in the Semi-Colonial World	72
Table 16: Distribution of Wage Laborers in different Regions, 1995 and 2008/09	73
Table 17: Distribution of Labor Force in Industry in different Regions 2008/09	73
Table 18: Share of Manufacturing Employment for Developing and Developed Countries, by Industry Sector, 1993–2008	76

Table 19: Changes of Labor's Share of GDP in Rich and Poor countries, 1960-1993	93
Table 20: Wages Growth and GDP Growth, 2001-2007	93
Table 21: Share of Wages in Manufacturing, 1975-1992	96
Table 22: Net Transfers of Financial Resources to Developing Countries and former Stalinist Countries, 1995-2011	128
Table 23: Gross Value of Capital Invested Abroad in 1914 and 1938	136
Table 24: Distribution of US Private FDI, 1950-1975	136
Table 25: Distribution of Western German Private FDI, 1960-1975	136
Table 26: Geographical Distribution of Foreign Direct Investments of Western Europe, USA and Japan, 1975	136
Table 27: Gross Value of Foreign Capital in Developing Countries 1870-1998	137
Table 28: Geographical Distribution of Inward FDI Stock, 1967-1997	139
Table 29: FDI Stock, by Region and Economy, 1990-2011	139
Table 30: FDI Stock, by Region and Economy, 1980-2011 (share of global FDI stock)	140
Table 31: FDI Inflows as a Percentage of Capital Formation, 1980-1990	142
Table 32: FDI Inflows as a Percentage of Capital Formation, 1990-2010	143
Table 33: FDI Outflows as a percentage of Capital Formation, 1990-2010 ...	144
Table 34: Company Acquisitions and Creation by Foreign Capital in the US, 1983-1989	146
Table 35: Profit rates of Direct Investment of US corporations in Imperialist and Semi-Colonial Countries, 1951-1970	152
Table 36: Extra profits of US Monopolies in Semi-Colonies, 1970 and 1975 ..	152
Table 37: Profits on US Direct Investment Overseas, 2006-2009	153
Table 38: Annually Repatriated Profits and Annual Growth of Foreign Investment by US Monopolies, 1950-1966	155
Table 39: International Banking Capital in relation to World Output, Trade and Investment, 1964-1991	162
Table 40: Long-Term Real Interest Rates in Imperialist and Semi-Colonial Countries	165

Table 41: Increase of Debts in Regions, 1980-2002	166
Table 42: Gross Debt, Deposits and Net Debt, 1995	169
Table 43: Stock of foreign-born Labor Force in OECD countries, 1999-2008 ...	182
Table 44: Distribution of National Income between the North and the South, 1850 and 1960	193
Table 45: Per Capita GDP in North and South, 1820 and 1998	193
Table 46: Industrialization in Latin American countries, 1929-1957	208
Table 47: Per Capita GDP and Interregional Spreads, 1870-1998	222
Table 48: Turkey's FDI Stock, 1990-2011	225
Table 49: Wage Inequality in OECD Countries, 1970-2008	230
Table 50: Share of low-skilled Workers, 1995	234
Table 51: Unskilled and Skilled Workers, 2001	234
Table 52: List of the Top 10 Countries of the Global 500 companies	248
Table 53: Rural-to-Urban Migrants as a Proportion of Total Workforce	258
Table 54: Annual Increase in Labor Disputes in China, 1995-2006	263
Table 55: FDI Outward Stock by Country, 2011	267
Table 56: FDI flows from selected countries, 2006-2011	268
Table 57: Destinations of China's Capital Export from 2005 to mid-2012	270
Table 58: China's Non-Bond Investment by Type 2005-2010	271
Table 59: The 10 largest Military Spender, 2011	275
Table 60: The 10 largest Exporter of Major Arms, 2010	276

List of Figures

Figure 1: Global FDI flows to GDP	42
Figure 2: Transnational Corporations share of world GDP, 2010	45
Figure 3: Internationalization Statistics of the 100 largest non-financial TNCs worldwide and from Developing and Transition Economies, 2010	45
Figure 4: U.S. Parent Companies Account for Employment, Output, Capital, Investment, Exports and Research and Development, 2006	46
Figure 5: Rate of Profit in the US Productive Sectors, 1948-2010	47
Figure 6: Rate of Profit of US Corporations, 1947-2009	49
Figure 7: Average Rate of Profit and Organic Composition in the US Productive Sectors, 1948-2009	50
Figure 8: Manufacturing Capacity Utilization in USA	51
Figure 9: Financial Profits as a Percentage of Total Profits in USA	54
Figure 10: Share of Finance, Insurance, and Real Estate in USA	55
Figure 11: U.S. Balance Of Payments, 1946–2008	56
Figure 12: Developing Economies' Share in World Manufacturing Value Added and GDP, 1990–2010	58
Figure 13: Developed and Developing Countries' Share of World Manufactured Exports, 1992–2009	61
Figure 14: Manufactured Exports Markets by Region, 2005 and 2009	62
Figure 15: Distribution of the Global Labor Force by Regions, 1965–2025 ...	71
Figure 16: Developing Countries' Share in World Manufacturing Employment, 1980–2008	74
Figure 17: Global Industrial Labor Force in Developed and Developing Countries, 1950–2005	75
Figure 18: Share of Manufacturing Employment in Developing Countries, 1998–2008	75
Figure 19: Employment Status in Turkey, 1988-2006	77

Figure 20: The Declining Share of Manufacturing in Total Employment, 1970-2007	78
Figure 21: Informal Employment and Economic Development	90
Figure 22: Labor Share in OECD Countries, 1960-2000	91
Figure 23: Labor Income Shares in OECD Countries, 1980-2007	91
Figure 24: Share of Compensation of Employees in National Income, Selected Country Groups, 1980-2008	95
Figure 25: Wage Share of Value Added in Manufacturing Industry in South Korea, Mexico and Turkey, 1970-2003	97
Figure 26: Wage Share in Manufacturing Industry in Turkey, 1970-2005 ...	98
Figure 27: Chinese Manufacturing Labour's Share, 2002-2008	98
Figure 28: Trends in Wage Shares in Regions, 1983-2009	99
Figure 29: Rates of Surplus Value in Developed, Developing and Transition Economies, 1994-2008	102
Figure 30: Latin America: Net Transfer of Resources, 1950-2002	124
Figure 31: Net Financial Transfer from Semi-Colonies to Metropolises, 1980-1990	125
Figure 32: Costs of the Global Market to Developing Countries, 1990	126
Figure 33: Net Transfers of Financial Resources to Developing Economies and Economies in Transition, 1999-2011	129
Figure 34: EU Agricultural Imports by Origin, 1999-2010	133
Figure 35: FDI Inflows, World and Group of Economies, 1980-2010	140
Figure 36: Greenfield Investments by the largest 100 TNCs, 2007-2010	146
Figure 37: Geographical Differences between Hourly Wages in Manufacturing, 2008	150
Figure 38: Hourly Compensation Costs of Manufacturing Employees, selected Countries and Regions, 2005	151
Figure 39: Operating Profits derived from Operations in Developing and Transition Economies, selected top 100 TNCs, 2010	155
Figure 40: Share of Imported Inputs in Manufacturing, 1970-2000	159
Figure 41: Production Costs of an Apple iPhone assembled in China	161
Figure 42: US and oversee Employees in 1955 and in 2012	161

Figure 43: External Debt Service-to-Export Ratio, 2005-2010	163
Figure 44: Illicit Financial Flows from India, 1948-2008	169
Figure 45: World Imports as Share of World GDP, 1965-2007	172
Figure 46: World Exports as Share of World GDP, 1965-2007	173
Figure 47: Regions Share in World Exports, 1948-2007	173
Figure 48: World Manufactured Exports, by Region, 1995–2009	174
Figure 49: Development of Terms of Trade 1880-2000	175
Figure 50: Development of Terms of Trade for Non-Oil Producing Developing Countries, 1957-2000	175
Figure 51: Migrants as a percentage of the Population, 1960-2005	180
Figure 52: The share of Migrants in the population, 1960 and 2005,	181
Figure 53: Wages in Imperialist and Semi-Colonial Countries, 1988-92	188
Figure 54: Turkey’s Rising Dependence on Short-Term Foreign Debt	225
Figure 55: Real Annual Family Income Growth by Quintile, 1947-1979 and 1979-2010	230
Figure 56: Changes in US Male Full-Time Workers Wages according to their different Education Levels, 1963-2008	231
Figure 57: Increase of Wage Inequality in OECD countries, 1980-2005	231
Figure 58: US Male Wage Inequality, 1937-2005	232
Figure 59: Share of Global Economic Output, 1981-2011	245
Figure 60: China’s Economic Performance	245
Figure 61: Share of global Manufacturing Exports; USA and Britain 1906-29 and China 2000-09 (in %)	246
Figure 62: Gross Fixed Capital Formation, Imperialist Countries, Semi-Colonial Countries and China, 1960-2011	249
Figure 63: International Comparison of Ownership Structure of the Banking Sector (2005) and Financial System Structure (2009)	252
Figure 64: Rate of Profit in the Chinese Manufacturing, 1978-2004	252
Figure 65: Size of State-Owned Enterprises and Rate of Return in Private and State Enterprises in China, 1998-2010	253
Figure 66: Share of Informal Employment in Urban Labor Market amongst Migrant and Local Workers in China, 2001-2010	258

Figure 67: Government Expenditures for Education, Health, Environmental and Social Protection, 2007-2009	259
Figure 68: Inequality in Real Wages in Special Economic Zones and All Other Cities between top and bottom layer of Workers, 1988-2001	260
Figure 69: Inequality in Nominal Wages in Special Economic Zones and All Other Cities, 1988-2001	261
Figure 70: Workers Protests in State and Private Enterprises, 2000-2010	262
Figure 71: China's Foreign Exchange Reserves and its US Securities Holdings, 2002-2011	265
Figure 72: China as the world second biggest Net Capital Exporter, 2011	266
Figure 73: China's Outward Investment, 2005 – mid 2012	268
Figure 74: Composition of China's Foreign Investments, 2009-2011	271
Figure 75: Foreign Assets of China's main non-banking SOEs, 2010	272
Figure 76: China's Trade with Africa, 1995-2010	273
Figure 77: China's Trade with East Asia and Sub-Saharan Africa, 1990 and 2010	274
Figure 78: China's First and Second Island Chains in the Pacific Sea	278
Figure 79: Sovereignty Claims in the South China Sea	279

List of Abbreviations

- Comintern: Communist International
CMR: Committee for Marxist Revival
CWI: Committee for a Workers International
ECLAC/CEPAL: United Nations Economic Commission for Latin America and the Caribbean
ELP: European Left Party
EU: European Union
FDI: Foreign Direct Investment
FLTI: Fracción Leninista Trotskista Internacional
GDP: Gross Domestic Product
ILO: International Labour Organization
IMF: International Monetary Fund
IMT: International Marxist Tendency
IST: International Socialist Tendency
IRMT: Iranian Revolutionary Marxists' Tendency
LCFI: Liaison Committee for the Fourth International
LFI: League for the Fifth International
LINKE: Left Party in Germany
LRCI: League for a Revolutionary Communist International
LCW: Collected Works of Lenin
LW: Lenin Werke (Collected Works of V. I. Lenin in German language)
MECW: Collected Works of Karl Marx and Frederick Engels
MEW: Marx Engels Werke (Collected Works of Karl Marx and Frederick Engels in German language)
NPA: Nouveau Parti Anticapitaliste
OECD: Organisation for Economic Co-operation and Development
p.a.: per annum (per year)
PCF: Parti Communiste Français
PPP: Purchasing Power Parity
RCIT: Revolutionary Communist International Tendency
RKOB: Revolutionäre Kommunistische Organisation zur Befreiung
Schriften: Trotski Schriften (Trotsky Writings in German language)
SWP: Socialist Workers Party
TNC: Transnational Corporation
UN: United Nations
UNCTAD: United Nations Conference on Trade and Development
UNDP: United Nations Development Programme
UNIDO: United Nations Industrial Development Organization
UN-DESA: United Nations Department of Economic and Social Affairs
US: United States of America
WTO: World Trade Organization

Introduction

This book deals with the super-exploitation and oppression of the semi-colonial world (often referred to as the “Third World”) by the imperialist powers and monopolies. It is based on the conviction that the relationship between the small minority of rich capitalist countries and the huge majority of mankind living in the semi-colonial world forms one of the most important elements of the imperialist world system we are living in. Rightly, Lenin stressed nearly one hundred years ago that a focus of the Marxist programme must be the *„division of nations into oppressor and oppressed which forms the essence of imperialism“*.¹

Today this assessment is still and even more valid given the increasing relevance of the imperialist super-exploitation for the functioning of globalised capitalism, the drive towards imperialist wars and occupation and the rise in opposition and armed resistance against them. We in the *Revolutionary Communist International Tendency* (RCIT) believe that the past decades have been a complete confirmation of the validity of Lenin’s theory of imperialism as have been the programmatic conclusions which the Third and later the Fourth International in their revolutionary periods drew from it.

However, the world did not stand still since the days of Lenin and Trotsky. Indeed, an important issue for the advancement of the revolutionary working class movement and the Marxist theory is the issue of the relationship between the imperialist countries and the semi-colonial world. The reason for this is that there have been important changes in this relationship in the recent decades. Never before has such a big share of the world capitalist value been produced in the South. Never before were the imperialist monopolies so dependent on the super-exploitation of the semi-colonial world. Never before has migrant labor from the semi-colonial world played such a significant role for the capitalist value production in the imperialist countries. Never before has the huge majority of the world working class lived in the South – outside of the

¹ V. I. Lenin: *The revolutionary Proletariat and the Right of Nations to Self-Determination* (1915); in: LCW 21, p. 409.

A short note on our procedure of quoting in this book: Given the fact that the mother language of the author is German, he possesses and knows the writings of Marx, Engels and Lenin from the German-language publication of their works. In the case of Trotsky much more has been translated into English language than into German language. However the author possesses nearly all Writings of Trotsky which have been published in German language and many of those in English-language. In those cases where we obtain the English-language Works of the Marxist classics in book form, we will refer the quotes to the pages in these publications. However we do not possess a number of the Marxist classics works in English language in book form (the Marx Engels Collected Works, some Volumes of Lenin’s Collected Works as well as some Writings of Trotsky). Where we refer to quotes from these works, we will refer to the German language publications as well as the title of the respective books and chapters in English language. The quotes can be found in the internet (in particularly at www.marxists.org)

old imperialist metropolises. Therefore a correct understanding of the nature of imperialism as well as of the program of permanent revolution, which includes the tactics of consistent anti-imperialism, is essential for revolutionaries today. Similarly important is a correct understanding of the consequences of the shift of the world proletariat towards the South for the building of the revolutionary party and the new working class International.

From this position we unambiguously reject those numerous pseudo-Marxist, centrist currents that either repudiate the orthodox Leninist theory on imperialism and its programmatic conclusions and claim that imperialism today – compared with the times of Lenin and Trotsky – has a qualitatively different essence, or they distort the Leninist theory of imperialism and transform it into a semi-Kautskyian imposture.

As examples we will deal with the positions of the *International Socialist Tendency* (IST, which is led by Alex Callinicos's *Socialist Workers Party*, SWP, in Britain), the *Committee for a Workers International* (CWI, which is led by Peter Taffee's *Socialist Party* in Britain) and the *International Marxist Tendency* (IMT, led by Alan Woods's *Socialist Appeal* in Britain and Lal Khan's *The Struggle* in Pakistan). We will also discuss the arguments of the British-based *Committee for Marxist Revival* (CMR), respective to its main component, the exiled *Iranian Revolutionary Marxists' Tendency* (IMRT) which is also related to the Turkish group *Marxist Tutum*. These comrades published a polemic against the RCIT in early 2012 which was also translated into the French language and published by *L'Étincelle*, a former faction of the centrist *Lutte ouvrière* which is currently working inside the *New Anticapitalist Party* (NPA) in France.²

The purpose of this book is therefore to defend the Leninist theory of imperialism in particular on the position of the semi-colonial world in the world system, to prove its validity in the analysis of the past decades against the centrist critiques and to analyse the changes and new developments which have taken place in the forms of imperialist super-exploitation and oppression. We will also analyze the emergence of a new imperialist power – China.

We in the RCIT consider this book as a contribution to an overdue discussion. On one hand such a discussion is urgent given the need to update the scientific analyses of Marxism. On the other hand we consider it as fundamentally important that revolutionaries possess a clear theoretical compass to take a consistent working class stance in the various conflicts and wars between the imperialist powers and semi-colonial countries.

Let me add another remark on the purpose of this book. As stated before we want to analyze the relationship between imperialist powers and monopolies and the semi-colonial world. We show the validity of the Leninist theory of

² Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran? 25 January 2012, in: *Marxist Revival* No. 12, December 2011/January 2012, <http://marxist.cloudaccess.net/mideast/233-where-should-we-stand-if-us-israel-attack-iran.html>. The French translation appeared on *L'Étincelle*'s website <http://etincellenantes.org/?p=2213>.

imperialism and we elaborate the changes which have taken place in the past decades. This is a scientific effort which demands a concrete study of the subject as well as of the Marxist theory. However, the book is not a purpose in itself. Marx stated in his famous *Thesis on Feuerbach*, “*The philosophers have only interpreted the world, in various ways; the point, however, is to change it.*”³

Therefore, if some readers of this book will accuse the author of not being “neutral” and “objective”, I plead guilty. In fact, a Marxist can not be neutral, he or she must partisan. He or she stands on the point of view of the working class. As Lenin once stated in one of his first works:

„*On the other hand, materialism includes partisanship, so to speak, and enjoins the direct and open adoption of the standpoint of a definite social group in any assessment of events.*“⁴

Many intellectuals treat thinking as a purpose in itself. But in fact everybody thinks for a purpose. The purpose might be to solve problems of a job or of daily life. In the sphere of politics, economy or philosophy the purpose might be personal career interests or to promote a political cause. Naturally, bourgeois politicians and petty-bourgeois intellectuals usually conveniently manage to combine both - personal career and promoting a political cause. However Marxists, who are worth such a name, are different. For them, scientific work is part of a strategic goal: the liberation of the working class and the oppressed.

This lies in the nature of Marxism itself as it is the scientific doctrine of the working class to enable them in achieving liberation from exploitation and oppression. Hence it is the task of Marxists to study and internalize the method and fundamental doctrines of Marxism as it was elaborated by the revolutionary workers movement and its most outstanding theoreticians; Marx, Engels, Lenin and Trotsky. Furthermore, the Marxist method becomes a dead doctrine if it is not constantly enriched by studying new developments in the class society and if it is not continuously developed on the basis of the genuine method of materialist dialectics. Finally, Marxism exists and breathes as the unity of theory and practice, knowledge and action. Abram Deborin, the leading Marxist philosopher in the Soviet Union in the 1920s, rightly emphasized in a study on Lenin:

„*Marxism is such a theory, distinct from all others, a philosophical Weltanschauung, which demands the conversion of theory into practice as well as of practice into theory. Marxism does not know a separation between theory and practice. The dialectical unity between theory and practice demands, that the theory is practical and the practice is explained by theory and becomes itself theory.*“⁵

Therefore, the purpose of advancement of Marxist theory is to serve as a guide for action and hence to fuse with the revolutionary working class movement.

³ Karl Marx: Thesen über Feuerbach (1845); in: MEW 3, p. 535; in English: Karl Marx: Theses on Feuerbach (emphasis in the original)

⁴ V. I. Lenin: The Economic Content of Narodism and the Criticism of it in Mr. Struve's Book (The Reflection of Marxism in Bourgeois Literature) (1894); in: LCW Vol. 1, p. 401

⁵ Abram Deborin: Lenin – der kämpfende Materialist, 1924, p. 11 (our translation into English)

The embodiment of such a unity of theory and practice is and can only be the collective of communist man and women who know and act and who fuse this into a collective program and politics – in other words, the revolutionary workers party respectively its pre-party formations. The *Revolutionary Communist International Tendency* (RCIT) is dedicated to the task of building such a party.

Finally, I would like to express my deep thanks to those comrades who contributed to this book. Generally speaking the ideas elaborated in this book are the product of our political work and discussions in the Marxist workers movement for three decades as the reader will see from various references to past writings of our organizations and of me. However, only in the past period have I found the time and had the possibility to elaborate and discuss with my comrades in detail the questions of imperialism and semi-colonies which form the subject of this book. Therefore, I want to thank first of all my comrades who took over so much work from my shoulders in order to allow me to write this book. In particular I would like to thank my comrades Marc Hangler and Maja Borisavljević. Additionally I want to especially thank my comrades Nina Gunić, Johannes Wiener, Adam Beltz and Shujat Liaqat who helped me in numerous discussions to develop and improve the ideas I present in this book. While my mother language is German, I wrote this book in English to enable a broader international discussion of its ideas. Comrade Adam Beltz took on the difficult task of correcting my insufficient English which is too much influenced by German grammar. I thank him a lot for this and state that all possible remaining grammatical mistakes are my fault alone since I have the bad habit of making last minute additions and re-formulations.

Let me finally state that we look forward to discuss the issues of this book with revolutionary organizations and activists around the world in order to clarify and improve ideas and programs but also to join hands wherever possible in our common struggle for the liberation of the working class and the oppressed.

Michael Pröbsting

Vienna, 8th February 2013

Chapter 1: Lenin's Theory of Imperialism

In this chapter we will elaborate Lenin's understanding of imperialism and Trotsky's assessment of it. We will also explain Lenin's and Trotsky's view of the relationship of semi-colonial countries and the imperialist powers.

"...as precise and full a Definition of Imperialism as possible"

In his most comprehensive definition of imperialism, Lenin summarised its key aspects in 1916 in the following way:

*"We have to begin with as precise and full a definition of imperialism as possible. Imperialism is a specific historical stage of capitalism. Its specific character is threefold: imperialism is monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism. The supplanting of free competition by monopoly is the fundamental economic feature, the quintessence of imperialism."*⁶

He goes on to explain the monopolist essence of imperialism:

"Monopoly manifests itself in five principal forms: (1) cartels, syndicates and trusts—the concentration of production has reached a degree which gives rise to these monopolistic associations of capitalists; (2) the monopolistic position of the big banks—three, four or five giant banks manipulate the whole economic life of America, France, Germany; (3) seizure of the sources of raw material by the trusts and the financial oligarchy (finance capital is monopoly industrial capital merged with bank capital); (4) the (economic) partition of the world by the international cartels has begun. There are already over one hundred such international cartels, which command the entire world market and divide it "amicably" among themselves—until war redivides it. The export of capital, as distinct from the export of commodities under non-monopoly capitalism, is a highly characteristic phenomenon and is closely linked with the economic and

⁶ V. I. Lenin: Imperialism and the split in socialism (1916); in: LCW Vol. 23, p. 105 (emphasis in original). The following quotes in this sub-chapter are from this article. In his "Notebooks on imperialism" (See Volume 39) he gives a similar summary of the definition of imperialism (V. I. Lenin: *Imperialism and the Attitude towards it*; in: LCW 39, p. 758):

Definition	{economic {political	{reaction {national oppression {annexations
Imperialism = capitalism		
a) monopolist	{1. cartels {2. big banks {3. financial oligarchy (more than 100,000 million of share capital) {4. colonies and export of capital [division of the world]	
b) parasitic	{1. export of capital {2. 100,000 million of share capital	
c) moribund capitalism ("in transition")		

territorial-political partition of the world; (5) the territorial partition of the world (colonies) is completed."

Lenin then concretises the turn to the 20th century as the years when the transition of capitalism into its final stage occurred:

"Imperialism, as the highest stage of capitalism in America and Europe, and later in Asia, took final shape in the period 1898–1914. The Spanish-American War (1898), the Anglo-Boer War (1899–1902), the Russo-Japanese War (1904–05) and the economic crisis in Europe in 1900 are the chief historical landmarks in the new era of world history."

He continues by elaborating the second essential feature of imperialism – its parasitic and decaying character:

"The fact that imperialism is parasitic or decaying capitalism is manifested first of all in the tendency to decay, which is characteristic of every monopoly under the system of private ownership of the means of production. The difference between the democratic-republican and the reactionary-monarchist imperialist bourgeoisie is obliterated precisely because they are both rotting alive (which by no means precludes an extraordinarily rapid development of capitalism in individual branches of industry, in individual countries, and in individual periods). Secondly, the decay of capitalism is manifested in the creation of a huge stratum of rentiers, capitalists who live by "clipping coupons". In each of the four leading imperialist countries – England, U.S.A., France and Germany – capital in securities amounts to 100,000 or 150,000 million francs, from which each country derives an annual income of no less than five to eight thousand million. Thirdly, export of capital is parasitism raised to a high pitch. Fourthly, "finance capital strives for domination, not freedom". Political reaction all along the line is a characteristic feature of imperialism. Corruption, bribery on a huge scale and all kinds of fraud. Fifthly, the exploitation of oppressed nations – which is inseparably connected with annexations – and especially the exploitation of colonies by a handful of "Great" Powers, increasingly transforms the "civilised" world into a parasite on the body of hundreds of millions in the uncivilised nations."

In this context Lenin points out the importance of the labor aristocracy as the upper strata of the working class which is bribed by monopoly capital and which therefore is the social basis for reformism:

"The Roman proletarian lived at the expense of society. Modern society lives at the expense of the modern proletarian. Marx specially stressed this profound observation of Sismondi. Imperialism somewhat changes the situation. A privileged upper stratum of the proletariat in the imperialist countries lives partly at the expense of hundreds of millions in the uncivilised nations."

Finally Lenin explains the third feature of imperialism as moribund 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."

Lenin's theory of imperialism became one of the most important theoretical fundaments of the Bolshevik Party and the Communist International. It also served as the basis for the communist programme and the revolutionary strategy in the (semi-)colonial world and later Trotsky's theory of permanent revolution.

Trotsky's View of Lenin's Theory of Imperialism

How did Trotsky view Lenin's theoretical definition of imperialism? This is of interest not at the least because the founder of the Fourth International outlived the central leader of the Bolshevik Party for more than 16 years and was thus able to compare later developments of monopoly capitalism with Lenin's theory.

Trotsky repeatedly expressed explicitly his agreement with Lenin's theory of imperialism. In his balance sheet of the developments since Marx and Engels wrote their *Communist Manifesto*, Trotsky assessed in 1937 Lenin's theoretical achievement as the basis for a scientific understanding of the epoch:

*"It was Lenin who gave a scientific characterisation of monopoly capitalism in his 'Imperialism'."*⁷

He also stated his agreement with Lenin's theory in various writings. For example Trotsky's famous Thesis on the Imperialist War in 1934 began with the paragraph emphasising the confirmation of Lenin's understanding of the imperialist epoch:

*"The catastrophic commercial, industrial, agrarian and financial crisis, the break in international economic ties, the decline of the productive forces of humanity, the unbearable sharpening of class and international contradictions mark the twilight of capitalism and fully confirm the Leninist characterization of our epoch as one of wars and revolutions."*⁸

Such an appraisal of Lenin's theory was repeated by Trotsky on numerous occasions. See for example his article "*Lenin on Imperialism*" published in 1939 to which the editors of the Fourth International Journal – the theoretical mouthpiece of the leading Trotskyist section, the *Socialist Workers Party* in the USA – wrote in an introduction:

*"Lenin reached his maturity in the period of the First World War. His analysis of the imperialist wars and the conclusions he drew from this analysis are among the greatest triumphs of Marxism. It was the Leninist program against imperialism that paved the way for the victory of the Russian masses in October 1917."*⁹

⁷ Leon Trotsky: *Ninety Years of the Communist Manifesto* (1937); in: *Writings of Leon Trotsky 1937-38*, p. 23

⁸ Leon Trotsky: *War and the Fourth International* (1934); in: *Writings of Leon Trotsky 1933-34*, p. 299 (emphasis in original)

⁹ Socialist Workers Party (USA): Introduction to "*Lenin on Imperialism*"; in: *Fourth International, Vol. III, No. 1* (January 1942), p. 19

The Division of the World into Oppressing and Oppressed Nations

As we have shown the communist analysis starts from the understanding that around the turn to the 20th century capitalism transformed into monopoly capitalism. A small number of monopolies dominate the world economy and a few imperialist powers – usually the home countries of these monopolies – dominate world politics.

From this follows an essential feature of Lenin's and Trotsky's analysis of imperialism: the characterization of the relationship between the imperialist nations and the huge majority of the people living in the capitalistically less developed countries as a *relationship of oppression*. In fact Lenin, and following him Trotsky too, came to the conclusion that this division of the world's nations into oppressor and oppressing nations is one of the most important characteristics of the imperialist epoch:

*"The programme of Social-Democracy (this is how the Marxists called themselves at that time, MP), as a counter-balance to this petty-bourgeois, opportunist utopia, must postulate the division of nations into oppressor and oppressed as basic, significant and inevitable under imperialism."*¹⁰

In another article Lenin repeats this idea which later became a fundamental pillar of the Communist International's program:

"Imperialism means the progressively mounting oppression of the nations of the world by a handful of Great Powers (...)"

*That is why the focal point in the Social-Democratic programme must be that division of nations into oppressor and oppressed which forms the essence of imperialism, and is deceitfully evaded by the social-chauvinists and Kautsky. This division is not significant from the angle of bourgeois pacifism or the philistine Utopia of peaceful competition among independent nations under capitalism, but it is most significant from the angle of the revolutionary struggle against imperialism."*¹¹

The economic basis of this is what Lenin called the *super-exploitation* of these oppressed nations by the imperialist monopolies. Because of this super-exploitation, monopoly capital can acquire – in addition to the average profit rate – an extra profit. These extra-profits are important additions to the profits which monopoly capital already extracts from the workers in the rich countries. They are an essential source to bribe the upper, aristocratic sectors of the working class and in particular the labour bureaucracy in the imperialist countries and this helps to strengthen the rule of monopoly capital. Lenin wrote on this in 1915:

"Because monopoly yields superprofits, i.e., a surplus of profits over and above the

¹⁰ V. I. Lenin: The Socialist Revolution and the Right of Nations to Self-Determination (1916); in: LCW 22, p. 147

¹¹ V. I. Lenin: The revolutionary Proletariat and the Right of Nations to Self-Determination (1915); in: LCW 21, p. 409

capitalist profits that are normal and customary all over the world. The capitalists can devote a part (and not a small one, at that!) of these superprofits to bribe their own workers, to create something like an alliance (recall the celebrated "alliances" described by the Webbs of English trade unions and employers) between the workers of the given nation and their capitalists against the other countries."¹²

The same thought was defended in the program of the Bolshevik Party, adopted at its Eight Congress in 1919:

*"This trend (opportunism and social-chauvinism, MP) was created by the fact that in the progressive capitalist countries the bourgeoisie by robbing the colonial and weak nations were able, out of the surplus profits obtained by this robbery to place the upper strata of the proletariat in their countries in a privileged position, to bribe them, to secure for them in peace time tolerable, petty-bourgeois conditions of life, and to take into its service the leaders of that stratum."*¹³

Similarly the Communist International emphasized the importance of imperialist extra-profits in one of its main resolutions of its Second Congress in 1920:

*"One of the chief causes hampering the revolutionary working-class movement in the developed capitalist countries is the fact that because of their colonial possessions and the super-profits gained by finance capital, etc., the capitalists of these countries have been able to create a relatively larger and more stable labour aristocracy, a section which comprises a small minority of the working class."*¹⁴

The Semi-Colonial Countries: a modified Form of Imperialist Subjugation or Independent Capitalist States?

As we will see later one of the main arguments of the centrists against the actuality of Lenin's theory of imperialism is the claim that it was designed for the pre-WWII world in which imperialist countries occupied and exploited colonies directly. This theory – so the critics – is not relevant for a world where hardly any colonies exist and where most poor countries are formally independent states.

What these centrists ignore is the fact that while the question of formal sovereignty is, of course, an important one, in essence both colonial and semi-colonial (i.e. formally independent) countries share the fate of being nationally oppressed and super-exploited by the imperialist monopolies and powers.

This was definitely the view of Lenin and Trotsky. In no way did they limit

¹² V. I. Lenin: Imperialism and the Split in Socialism (1916); in: LCW Vol. 23, pp.114-115

¹³ Programm der Kommunistischen Partei Rußlands (Bolschewiki) (1919); in: Boris Meissner: Das Parteiprogramm der KPdSU 1906-1961, Köln 1962, p. 124. In English: Program of the Russian Communist Party (Bolsheviks) (1919)

¹⁴ Communist International: Theses on the Basic Tasks of the Communist International (1920). Resolution of the Second Congress of the Communist International; in: John Riddell (Editor): Workers of the World and Oppressed People, Unite! Proceedings and Documents of the Second Congress, 1920, New York 1991, p. 755

the imperialist oppression and super-exploitation to colonies only. Quite the opposite: They often spoke about both the colonial and semi-colonial countries together when they referred to the oppressed nations. Why? Because in both types of countries the tasks of national liberation, of completing the bourgeois-democratic revolution, *were not accomplished*, i.e. their fulfilment lies still ahead. *Both* types of countries are suffering under the dominance of world politics and the world market by the imperialist monopolies and powers. As a result they have *in essence* much more in common than what separates them.

Thus Lenin wrote in a document in 1916 – published as official thesis of the Bolshevik’s central organ Editorial Board – about the semi-colonial countries:

*“Thirdly, the semi-colonial countries, like China, Persia, Turkey, and all the colonies, which have a combined population amounting to a billion. In these countries the bourgeois-democratic movements have either hardly begun, or are far from having been completed. Socialists must not only demand the unconditional and immediate liberation of the colonies without compensation—and this demand in its political expression signifies nothing more nor less than the recognition of the right to self-determination—but must render determined support to the more revolutionary elements in the bourgeois-democratic movements for national liberation in these countries and assist their rebellion—and if need be, their revolutionary war—against the imperialist powers that oppress them.”*¹⁵

In his famous book on imperialism Lenin referred explicitly to the semi-colonial countries as *“formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence.”*:

*“As to the “semi-colonial” states, they provide an example of the transitional forms which are to be found in all spheres of nature and society. Finance capital is such a great, such a decisive, you might say, force in all economic and in all international relations, that it is capable of subjecting, and actually does subject, to itself even states enjoying the fullest political independence; we shall shortly see examples of this. Of course, finance capital finds most “convenient”, and derives the greatest profit from, a form of subjection which involves the loss of the political independence of the subjected countries and peoples. In this respect, the semi-colonial countries provide a typical example of the “middle stage”. It is natural that the struggle for these semi-dependent countries should have become particularly bitter in the epoch of finance capital, when the rest of the world has already been divided up.”*¹⁶

And he continued a few pages later:

“Since we are speaking of colonial policy in the epoch of capitalist imperialism, it must be observed that finance capital and its foreign policy, which is the struggle of the great powers for the economic and political division of the world, give rise to a number of transitional forms of state dependence. Not only are the two main groups of countries, those owning colonies, and the colonies themselves, but also the diverse

¹⁵ V. I. Lenin: *The Socialist Revolution and the Right of Nations to Self-Determination* (1916); in: LCW Vol. 22, pp. 151-152

¹⁶ V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916); in: LCW Vol. 22, pp. 259-260

*forms of dependent countries which, politically, are formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence, typical of this epoch. We have already referred to one form of dependence — the semi-colony. An example of another is provided by Argentina.”*¹⁷

The same view was defended later by Trotsky and the Fourth International. They too understood that the semi-colonial countries – while recognising the different form compared with the colonies – share essentially a similar oppression by imperialism. Hence they have basically the same task: to fight for national liberation, together with the other tasks of the democratic revolution (agrarian revolution, abolishing of all forms of dictatorship etc.) and combine them with the perspective of the socialist revolution and the dictatorship of the proletariat.

In an article on Lenin's theory of imperialism and war, Trotsky was clear in including semi-colonial countries in the system of imperialist oppression and hence in the anti-imperialist perspective:

*“The world, however, still remains very heterogeneous. The coercive imperialism of advanced nations is able to exist only because backward nations, oppressed nationalities, colonial and semi-colonial countries, remain on our planet. The struggle of the oppressed peoples for national unification and national independence is doubly progressive because, on the one side, this prepares more favorable conditions for their own development, while, on the other side, this deals blows to imperialism. That, in particular, is the reason why, in the struggle between a civilized, imperialist, democratic republic and a backward, barbaric monarchy in a colonial country, the socialists are completely on the side of the oppressed country notwithstanding its monarchy and against the oppressor country notwithstanding its ‘democracy.’”*¹⁸

Trotsky repeated this idea in his introduction to Otto Rühle's popular summary of Marx's “Das Kapital”:

“While destroying democracy in the old mother countries of capital, imperialism at the same time hinders the rise of democracy in the backward countries. The fact that in the new epoch not a single one of the colonies or semi-colonies has consummated its democratic revolution -- above all in the field of agrarian relations -- is entirely due to imperialism, which has become the chief brake on economic and political progress. Plundering the natural wealth of the backward countries and deliberately restraining their independent industrial development, the monopolistic magnates and their governments simultaneously grant financial, political and military support to the most reactionary, parasitic, semi-feudal groups of native exploiters. Artificially preserved agrarian barbarism is today the most sinister plague of contemporary world economy. The fight of the colonial peoples for their liberation, passing over the intervening stages, transforms itself of necessity into a fight against imperialism, and thus aligns itself with the struggle of the proletariat in the mother countries, Colonial uprisings and wars in

¹⁷ V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 263 (emphasis in original)

¹⁸ Leon Trotsky: Lenin and Imperialist War (1938); in: Writings of Leon Trotsky 1938-39, p. 165

*their turn rock the foundations of the capitalist world more than ever and render the miracle of its regeneration less than ever possible.”*¹⁹

In an interview he gave in 1938, Trotsky spoke about the anti-imperialist struggle in particular of the Latin American countries which were already formally independent, semi-colonies for more than 100 years:

*“In the first period of war the position of the weak countries can prove very difficult. But the imperialist camps will become weaker and weaker with each passing month. Their mortal struggle with each other will permit the colonial and semicolonial countries to raise their heads. This refers, of course, also to the Latin American countries; they will be able to achieve their full liberation, if at the head of the masses stand truly revolutionary, anti-imperialist parties and trade unions.”*²⁰

This understanding of the semi-colonial countries as, essentially, oppressed countries similar to the colonial nations was repeated in the two most important programmatic documents the Fourth International adopted in Trotsky’s lifetime – the *Transitional Program* in 1938 and *Manifesto on the Imperialist War* in 1940. First we give a few quotes from the *Transitional Program*:

*“But not all countries of the world are imperialist countries. On the contrary, the majority are victims of imperialism. Some of the colonial or semi colonial countries will undoubtedly attempt to utilize the war in order to cast off the yoke of slavery. Their war will be not imperialist but liberating. It will be the duty of the international proletariat to aid the oppressed countries in their war against oppressors. The same duty applies in regard to aiding the USSR, or whatever other workers’ government might arise before the war or during the war. The defeat of every imperialist government in the struggle with the workers’ state or with a colonial country is the lesser evil.”*²¹

*“Colonial and semi-colonial countries are backward countries by their very essence. But backward countries are part of a world dominated by imperialism.”*²²

*“The central task of the colonial and semi-colonial countries is the agrarian revolution, i.e., liquidation of feudal heritages, and national independence, i.e., the overthrow of the imperialist yoke. Both tasks are closely linked with each other.”*²³

*“The banner on which is emblazoned the struggle for the liberation of the colonial and semi colonial peoples, i.e., a good half of mankind, has definitely passed into the hands of the Fourth International.”*²⁴

This understanding was repeated two years later at the Emergency Conference of the Fourth International, where the Manifesto referred both to colonies but also to semi-colonies like China or Turkey.

¹⁹ Leo Trotzki: *Marxismus in unserer Zeit* (1939), Wien 1987, p. 20; in English: Leon Trotsky: *Marxism In Our Time*, <http://www.marxists.org/archive/trotsky/1939/04/marxism.htm>

²⁰ Leon Trotsky: *Anti-Imperialist Struggle is Key to Liberation. An Interview with Mateo Fossa* (1938); in: *Writings of Leon Trotsky 1938-39*, p. 35

²¹ Leon Trotsky: *The Death Agony of Capitalism and the Tasks of the Fourth International. The Transitional Program* (1938); in: *Documents of the Fourth International*, New York 1973, pp. 199-200 (emphasis in original)

²² Leon Trotsky: *The Death Agony of Capitalism ...*, p. 205

²³ Leon Trotsky: *The Death Agony of Capitalism ...*, p. 205 (emphasis in original)

²⁴ Leon Trotsky: *The Death Agony of Capitalism ...*, pp. 206-207

"In the colonial and semi-colonial countries the struggle for an independent national state, and consequently the "defense of the fatherland," is different in principle from that of the imperialist countries. The revolutionary proletariat of the whole world gives unconditional support to the struggle of China or India for national independence, for this struggle, by "tearing the backward peoples from Asiaticism, sectionalism, and foreign bondage, . . . strike(s) powerful blows at the imperialist states."

*At the same time, the Fourth International knows in advance and openly warns the backward nations that their belated national states can no longer count upon an independent democratic development. Surrounded by decaying capitalism and enmeshed in the imperialist contradictions, the independence of a backward state inevitably will be semi fictitious, and its political regime, under the influence of internal class contradictions and external pressure, will unavoidably fall into dictatorship against the people—such is the regime of the "People's" party in Turkey, the Kuomintang in China; Gandhi's regime will be similar tomorrow in India. The struggle for the national independence of the colonies is, from the standpoint of the revolutionary proletariat, only a transitional stage on the road toward drawing the backward countries into the international socialist revolution."*²⁵

The Role of the Superstructure and its Relationship with the Economic Basis

At this stage it is useful to look closer to the Marxists' considerations *why* they did not see the semi-colonial countries as something qualitatively different from the colonies. The reason is that they viewed the state-form – colony or formally independent state – as a feature of the superstructure. As important as different characters of the superstructure are, they must be integrated and subordinated to an analysis of the class character of the underlying production relations. We must – to paraphrase a remark from Lenin's philosophical studies of Hegel – move from appearance to essence and from the less profound to the more profound essence.²⁶

As we know both the advanced as well as the less developed capitalist countries have seen various forms of political regimes in the history of the imperialist epoch. We have witnessed colonies and semi-colonies, more independent and more dependant semi-colonies, open dictatorships including fascism as well as relative democratic bourgeois regimes and also various transitional and combined forms in between. Obviously these political factors must be taken into account for concrete strategy and tactics. They however must not be viewed

²⁵ Fourth International: Imperialist War and the Proletarian World Revolution; Manifesto adopted by the Emergency Conference of the Fourth International in May 1940; in: Documents of the Fourth International. The Formative Years (1933-40), New York 1973, pp. 330-331; <http://www.marxists.org/history/etol/document/fi/1938-1949/emergconf/fi-emerg02.htm>

²⁶ V.I. Lenin: *Conspectus of Hegel's Book The Science Of Logic*. Section Three: The Idea (1914); in: LCW 38, p. 221

independently. They must be rather integrated into an analysis of the production relations which forms the fundament for the specific superstructure.

Marx has pointed out repeatedly that the form of extraction of surplus labor is essential for the character of the mode of production. He explained that under capitalism workers create exchange value which is appropriated by the capitalists. They get in exchange a wage to reproduce their labour force which is the equivalent of only a portion of the value which they produce. The other portion of this value produced is the surplus value appropriated by the capitalists. It forms the basis both for the unproductive consumption of the bourgeois class as well as for the reinvestment into the production cycle and – in the case of the later – forms thus the basis for the accumulation of capital.

Thus for Marx the capitalist mode of production with the law of value as its core constitutes the basis for the bourgeois social formation – independent of the specific form of the political regime (monarchy, democracy etc.).

He explained the relationship between the basis and the superstructure in Volume III of Capital:

*“The specific economic form, in which unpaid surplus-labour is pumped out of direct producers, determines the relationship of rulers and ruled, as it grows directly out of production itself and, in turn, reacts upon it as a determining element. Upon this, however, is founded the entire formation of the economic community which grows up out of the production relations themselves, thereby simultaneously its specific political form. It is always the direct relationship of the owners of the conditions of production to the direct producers -- a relation always naturally corresponding to a definite stage in the development of the methods of labour and thereby its social productivity -- which reveals the innermost secret, the hidden basis of the entire social structure and with it the political form of the relation of sovereignty and dependence, in short, the corresponding specific form of the state. This does not prevent the same economic basis -- the same from the standpoint of its main conditions -- due to innumerable different empirical circumstances, natural environment, racial relations, external historical influences, etc. from showing infinite variations and gradations in appearance, which can be ascertained only by analysis of the empirically given circumstances.”*²⁷

In his study about the emerging of the state and the family, Engels emphasized that the state usually is the state of the economically most powerful class. This is a very important remark since we will see that in the semi-colonial countries the imperialist bourgeoisie is the hegemonic class – beside, over and sometimes in temporary contradiction to the domestic capitalist class. Engels elaborates that regardless of whatever the exact form of the state is, the economically dominant class normally rules. This is also and in particularly true for the democratic republic despite the formal universal suffrage for all citizens – including the working class.

“Because the state arose from the need to hold class antagonisms in check, but because

²⁷ Karl Marx: Das Kapital, Dritter Band; in MEW, Bd. 25, pp. 799-800; In English: Karl Marx: Capital, Vol. III, Chapter 47.

it arose, at the same time, in the midst of the conflict of these classes, it is, as a rule, the state of the most powerful, economically dominant class, which, through the medium of the state, becomes also the politically dominant class, and thus acquires new means of holding down and exploiting the oppressed class. (...)

In most of the historical states, the rights of citizens are, besides, apportioned according to their wealth, thus directly expressing the fact that the state is an organisation of the possessing class for its protection against the non-possessing class. (...)

Yet this political recognition of property distinctions is by no means essential. On the contrary, it marks a low stage of state development. The highest form of the state, the democratic republic, which under our modern conditions of society is more and more becoming an inevitable necessity, and is the form of state in which alone the last decisive struggle between proletariat and bourgeoisie can be fought out — the democratic republic officially knows nothing any more of property distinctions. In it wealth exercises its power indirectly, but all the more surely. On the one hand, in the form of the direct corruption of officials, of which America provides the classical example; on the other hand, in the form of an alliance between government and stock exchange, which becomes the easier to achieve the more the public debt increases and the more joint-stock companies concentrate in their hands not only transport but also production itself, using the stock exchange as their centre. The latest French republic as well as the United States is a striking example of this; and good old Switzerland has contributed its share in this field. But that a democratic republic is not essential for this fraternal alliance between government and stock exchange is proved by England and also by the new German Empire, where one cannot tell who was elevated more by universal suffrage, Bismarck or Bleichröder. And lastly, the possessing class rules directly through the medium of universal suffrage.”²⁸

In the age of imperialism – i.e. the epoch of monopoly capital – the grip of the ruling bourgeoisie over the state apparatus becomes even stronger, independent of the specific form of the state machinery. This state machinery is a powerful political force which, in its essence, is not altered by the specific form of the political superstructure:

“In general, political democracy is merely one of the possible forms of superstructure above capitalism (although it is theoretically the normal one for “pure” capitalism). The facts show that both capitalism and imperialism develop within the framework of any political form and subordinate them all.”²⁹

Similarly Lenin notes in his famous study on the Marxist theory of the State:

“Imperialism—the era of bank capital, the era of gigantic capitalist monopolies, of the development of monopoly capitalism into state-monopoly capitalism—has clearly shown an extraordinary strengthening of the “state machine” and an unprecedented

²⁸ Friedrich Engels *Der Ursprung der Familie, des Privateigentums und des Staats* (1884); in: MEW 21, pp. 166-168; In English: Frederick Engels: *The Origin of the Family, Private Property and the State*, Chippendale 2004, pp. 159-160

²⁹ V. I. Lenin: *The Discussion on Self-Determination summed up*; in: LCW Vol. 22, p.326 (Emphasis in original)

*growth in its bureaucratic and military apparatus in connection with the intensification of repressive measures against the proletariat both in the monarchical and in the freest, republican countries..”*³⁰

Imperialism and the Semi-Colonial State

Lenin’s observations of the relationship between the monopoly bourgeoisie and the state machinery are of major importance for our understanding of the state apparatus in the semi-colonial world. We must start with an economic analysis of the imperialist system. For this we must not start with the national economy but with the world as an entirety. Trotsky correctly stressed the importance of the world market. In order to correctly understand imperialism and the direction of its development, it is indispensable to view it as a political and economic *world* system. Why? 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 set of national states and economies which are strung together.³¹ It is rather the case that the world economy and world politics are the decisive driving forces. They act as a melting pot for national factors, forming an independent totality raised above and imposed upon the national states. The combined and uneven development of world capitalism concurs with the given local peculiarities of a country and fuses with the specific national dynamic of the political and economic relations of that state.

*“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.”*³²

The imperialist world system is not a social formation consisting of equal national capitalist classes. We have rather a hand full of dominant monopolistic capitalists and powers. They rule the world economically, politically and militarily.

Hence they are in the position to dominate poorer capitalist countries which are formally independent but don’t have the resources to avoid a subordinated role in the world system. Lenin pointed this out in his polemic against Pyatakov in 1916:

“Economically, imperialism is monopoly capitalism. To acquire full monopoly, all competition must be eliminated, and not only on the home market (of the given state), but also on foreign markets, in the whole world. Is it economically possible, “in the era

³⁰ V. I. Lenin: The State and Revolution. The Marxist Theory of the State and the Tasks of the Proletariat in the Revolution (1917); in: LCW Vol. 25, p.326

³¹ 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.

³² Leo Trotsky: Die permanente Revolution (1930), Frankfurt a. M. 1971, p. 7; in English: Leon Trotsky: The permanent revolution, Introduction to the German edition (1930)

*of finance capital", to eliminate competition even in a foreign state? Certainly it is. It is done through a rival's financial dependence and acquisition of his sources of raw materials and eventually of all his enterprises. "*³³

Today we can say that despite the fact that the domestic capitalist class is the formally ruling class in the semi-colonial countries, it is only partially, only to a certain degree, the dominant force. Thus it is not sufficient to state that this or that poorer country is capitalist. We must ask *which kind of capitalism* is it: did it have a sufficient strong development of its national capital so that it created a monopoly capital or did it arrive too late on the world market (or was pushed back) and therefore has only a weaker, semi-colonial capitalist class? In other words, Marxists must give a precise answer to the questions relating to the class character: has the respective country an imperialist-capitalist character or a semi-colonial (or colonial) capitalist character? Are we dealing with an imperialist bourgeoisie or a semi-colonial (or colonial) bourgeoisie, a petty-bourgeois force in an imperialist-capitalist country or a petty-bourgeois force in a semi-colonial (or colonial) capitalist country?

Trotsky considered such a class differentiation between the different types of states as essential for a correct orientation of the proletarian vanguard in the world political class struggle:

*"To teach the workers correctly to understand the class character of the state imperialist, colonial, workers'—and the reciprocal relations between them, as well as the inner contradictions in each of them, enables the workers to draw correct practical conclusions in situation."*³⁴

To clarify these questions is of utmost importance since the bourgeoisie of the semi-colonial country is only to a certain degree a ruling class. Given its dominant position on the world market, monopoly capital is able to appropriate an extra profit. This means nothing else than that the monopoly capitalists appropriate – in addition to the surplus value extracted from their "own" working class in the advanced countries – a share of the surplus value created by the working class in the semi-colonial countries and which under "normal" capitalist circumstances would move into the pockets of the semi-colonial national bourgeoisie. The semi-colonial national bourgeoisie therefore is only *to a certain degree* a ruling class. At the same time it is *to a certain degree* also an oppressed class. Trotsky pointed out this analysis already long ago:

"The internal regime in the colonial and semi-colonial countries has a predominantly bourgeois character. But the pressure of foreign imperialism so alters and distorts the economic and political structure of these countries that the national bourgeoisie (even in the politically independent countries of South America) only partly reaches the height of a ruling class. The pressure imperialism on backward countries does not, it is true, change their basic social character since the oppressor and oppressed represent only

³³ V. I. Lenin: A Caricature of Marxism and Imperialist Economism (1916); in: LCW Vol. 23, p.43 (Emphasis in original)

³⁴ Fourth International: Imperialist War and the Proletarian World Revolution, p. 327

different levels of development in one and the same bourgeois society. Nevertheless the difference between England and India, Japan and China, the United States and Mexico is so big that we strictly differentiate between oppressor and oppressed bourgeois countries and we consider it our duty to support the latter against the former. The bourgeoisie of colonial and semi-colonial countries is a semi-ruling, semi-oppressed class.”³⁵

To summarize: In order to characterize politically a specific country in the world, it is not sufficient to declare that it is capitalist and ruled by a capitalist class. Neither is it sufficient to describe the specific political regime of the given country (dictatorship, theocracy, bourgeois democracy, left-wing Bonapartism etc.). One must rather start with the *class characterization* and this includes its position in the imperialist world order.

³⁵ Leon Trotsky: Not a Workers' and Not a Bourgeois State? (1937); in: Writings of Leon Trotsky 1937-38, p. 70

Chapter 2: Monopolism and the increasing Role of Monopolies in the World Economy

In the first chapter we have given an overview of the fundamental ideas of Lenin's theory of Imperialism. Since the purpose of this document is to analyse the role of the semi-colonies in the imperialist world order, we move now to a closer look to what is the essence of imperialism. Hence we elaborate on monopolism in Marxist theory and look at the rising role of the monopolies in the world economy. We will also deal with the open or hidden objections of various centrist organisations against it. In arguing against these centrist rejections we will in this context, further elaborate the Leninist theory of imperialism integrating the contributions of Marxists after Lenin.

In general there is a strong tendency amongst most centrist currents to reduce the Marxist theory of imperialism to an eclectic mish-mash which describes the discrimination and violation of the so-called "Third World", the inequality and injustice and mixes it with a denunciation of imperialism. In this way they walk the road of Kautskyism in so far as they reduce imperialism to the level of a *reactionary policy* of the Great powers. They consciously or unconsciously ignore to see that Imperialism is a distinct epoch – the final stage of capitalism, its decline – which has as its economic foundation the transformation of the capitalist laws, or let us say better their *modification*, by monopolism. From this stems the distortions of the law of value by various mechanisms; how the monopolies extract an extra-profit from sectors of the workers, how they cheat the petty bourgeoisie and even other groups of capital by cartelization, monopoly prices etc., the formation of a monopolistic average rate of profit, the tendency for structural over-accumulation, the growing stream of capital into capital export, into financial speculation etc, the growth of the structural reserve army of labour etc.

In other words they do not understand and respectively fail to put the economic laws that are the basis of imperialism and the necessity and unavoidability of the inner contradictions of the imperialist epoch at the centre of their analysis.

Imperialism as Policy or as Monopolism based on Economic Laws?

In his Introduction to Bukharin's book *Imperialism and world economy* Lenin emphasised the nature of Imperialism not as a set of policies but as an *economic relation*:

"...an analysis of the essential properties and tendencies of imperialism, as the

system of economic relations of modern highly developed, mature and rotten-ripe capitalism.”³⁶

He further noticed:

*“In all this it is extremely important to bear in mind that this change (the opening of the imperialist epoch, MP) has been brought about in no other way but the immediate development, expansion and continuation of the most profound and basic trends in capitalism and in commodity production in general.”*³⁷

But numerous centrists reject openly or implied this understanding of imperialism as a separate epoch which has the transformation of its economy into monopoly capitalism as its basis and hence the economic basis of the relationship between imperialist capital and the (semi-)colonial countries is one of economic super-exploitation. While they do not necessarily negate the fact that under imperialism the so-called Third World is economically discriminated, various centrists see imperialism as a specific, i.e. aggressive, militaristic *policy*.

We will give a few examples of such a wrong understanding. In a recent analysis of the theoretical concept of Trotsky’s permanent revolution, the British Socialist Workers Party (SWP, the “mother” organisation of the IST) wrote:

*“As capitalism is an international system, connected both through imperialism and the world market, crises provoking revolutionary situations were likely to be regional or global in scale.”*³⁸

So we have imperialism as the political level and the world market as the economic level of this system.

In another long article on imperialism, the then SWP- and today Counterfire-leader in Britain, John Rees, describes imperialism as a long-term phenomenon of colonial expansion:

“Imperialism is an evolving system. Since the very earliest days of capitalism, international expansion has been written into its structure. The union with Scotland and the colonisation of Ireland formed one of the first capitalist states, Britain. Both events were decisively shaped by the revolution of the 17th century. And one of Britain’s first post-revolutionary wars was with the second major capitalist state of the day, the Dutch republic. Emerging capitalist states and declining pre-capitalist empires fought for dominance in America, Africa, Asia and the Far East. For two centuries British, Dutch, French, German, Italian and other major powers struggled to conquer the globe, and subdue indigenous populations and minor powers.

The apogee was reached in the 20th century as wholly capitalist powers clashed in two world wars, and again and again in countless colonial conflicts. At the beginning of the century Lenin and Bukharin outlined the two contradictory drives that still dominate the modern capitalist system. Bukharin wrote, ‘Together with the internationalisation of

³⁶ V. I: Lenin: Preface to N. Bukharin’s Pamphlet Imperialism and world economy (1915); in: LCW Vol. 22, p. 104

³⁷ V. I: Lenin: Preface to N. Bukharin’s Pamphlet ..., p. 104

³⁸ Joseph Choonara (SWP): The relevance of permanent revolution: A reply to Neil Davidson; in: International Socialism Journal, Issue: 131 (2011), <http://www.isj.org.uk/index.php?id=745&issue=131>

economy and the internationalisation of capital, there is going on a process of “national” intertwining of capital, a process of “nationalising” capital, fraught with the greatest consequences’. Globalisation on the one hand and the massive military-industrial network of the modern state on the other are the modern form of this contradiction. The result is that economic competition and the inequality and instability it creates constantly reproduce military competition and war. The drive to war has broken apart and reconstituted the imperialist system throughout the 20th century.

Since the Second World War formal colonies have largely gained their independence. Oppressed nations have come and gone, fought their battle, and joined the international system of states in more or less subordinate ranks. This process began with the American colonies in the 1770s and ran through to the liberation of Ireland and India, among many others, in the 20th century.”³⁹

Or, as we see in the case of the centrist CWI (Socialist Party in Britain), they primitively reduce imperialist policy to the desire to make profits. Given this criteria every capitalist in the world would be an imperialist – a position which turns Lenin’s whole concept of imperialism as the division of the world countries into oppressive and oppressed into a ridiculous caricature. Some years ago, the CWI wrote in an article dealing with the Malvinas/Falklands war in 1982:

“But the Argentinean Junta’s war over the Falklands is not a war of national liberation against imperialism. On the contrary, in seizing the Falklands the Argentine Junta is pursuing imperialistic aims on the part of Argentinean capitalism.

Galtieri invaded the Islands for political reasons, to head off revolution and save his regime. But in the background are the Argentinean financiers and capitalists who are eager to get their hands on the profits potentially to be drawn from Antarctic oil and other natural resources. Such a development of Antarctica, it is true, would almost certainly be in conjunction with the American multi-nationals, to whom the Argentinean capitalists would be junior partners. Argentinean capitalism is still subordinate to international big business, especially American capitalism, as its massive foreign debts testify.”⁴⁰

Lenin strongly polemicized against such a separation of imperialism from its roots of monopoly capitalism and its amalgamation to all forms of aggressive policy. In his days the German leading social democrat Karl Kautsky was a chief proponent of such a position. Lenin wrote against Kautsky:

“Advancing this definition of imperialism brings us into complete contradiction to K. Kautsky, who refuses to regard imperialism as a “phase of capitalism” and defines it as a policy “preferred” by finance capital, a tendency of “industrial” countries to annex “agrarian” countries. Kautsky’s definition is thoroughly false from the theoretical standpoint. What distinguishes imperialism is the rule not of industrial capital, but of finance capital, the striving to annex not agrarian countries, particularly, but every kind of country. Kautsky divorces imperialist politics from imperialist economics, he

³⁹ John Rees: Imperialism: globalisation, the state and war; in: International Socialism Journal, Issue No. 93 (2001), pp. 26-27; <http://pubs.socialistreviewindex.org.uk/isj93/rees.htm>

⁴⁰ Socialist Party (CWI): Falklands war: what lessons for the labour movement? In: Socialism Today, No 108, April 2007, <http://www.socialismtoday.org/108/falklands.html> (our emphasis)

*divorces monopoly in politics from monopoly in economics in order to pave the way for his vulgar bourgeois reformism, such as “disarmament”, “ultra-imperialism” and similar nonsense. The whole purpose and significance of this theoretical falsity is to obscure the most profound contradictions of imperialism and thus justify the theory of “unity” with the apologists of imperialism, the outright social-chauvinists and opportunists.”*⁴¹

Monopolism and Monopoly Profit

This confusion of imperialism as a policy and as a system based on “*economic relations*” has – on the theoretical level – its roots in the denial of these economic relations.

Let us briefly summarise the essence and consequences of monopolization. The emergence of monopolies in the capitalist economy has as its basis the fundamental law of motion of capitalism – the process of creating surplus value via exploitation of labour forces. This process inevitably results in the reproduction of capital on an extended scale, in other words, the accumulation of capital. This leads – as Marx explained in *Capital* Volume I in the famous chapter “*Historical Tendency of Capitalist Accumulation*” – to the process of centralization and concentration of capital, the creation of a world market, the intensification of exploitation, etc.:

*“This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralization of capital. One capitalist always kills many. Hand in hand with this centralization, or this expropriation of many capitalists by few, develop, on an ever-extending scale, the cooperative form of the labour process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in common, the economizing of all means of production by their use as means of production of combined, socialized labour, the entanglement of all peoples in the net of the world market, and with this, the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralization of the means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.”*⁴²

⁴¹ V. I. Lenin: Imperialism and the Split in Socialism; in: LCW Vol. 23, p.107 (Emphasis in the original)

⁴² Karl Marx: Kapital Band I, MEW 23, pp. 790-791; in English: Capital, Vol. I; Chapter 32

This progressing reproduction of capital on an extended scale leads to a change in its organic composition, i.e. in the relationship between constant capital (machinery, raw material etc.) and variable capital (labour). The share of constant capital – which just transmits value but doesn't create new value – is increasing while the share of variable capital – which creates new value – gets relatively smaller. With the decreasing share of variable capital, the source for the creation of new value and hence the source for surplus value decreases too. As a result, the share of surplus value – which is the only basis for profit – declines in relation to the total capital invested (constant and variable) in the long run.

*“As the process of production and accumulation advances therefore, the mass of available and appropriated surplus-labour, and hence the absolute mass of profit appropriated by the social capital, must grow. Along with the volume, however, the same laws of production and accumulation increase also the value of the constant capital in a mounting progression more rapidly than that of the variable part of capital, invested as it is in living labour. Hence, the same laws produce for the social capital a growing absolute mass of profit, and a falling rate of profit.”*⁴³

Marx characterized the law of the tendency of the rate of profit to fall as the most important law of capitalism:

*“This is in every respect the most important law of modern political economy, and the most essential for understanding the most difficult relations. It is the most important law from the historical standpoint. It is a law which, despite its simplicity, has never before been grasped and, even less, consciously articulated.”*⁴⁴

As we have already elaborated in the book *“The Credit Crunch - A Marxist Analysis”*, the qualitative leap in the process of concentration and centralization of capital and the emergence of monopolies in the late 19th century was an expression of the historic obsolescence of the capitalist system.⁴⁵ The contradictions between the productive forces and the fetters of the mode of production based on private property on one side and between the world market and international politics and the national state on the other side opened the last stage of capitalism – its epoch of decline and transition towards socialism. In its resolution on the character of the imperialist World War I, the Russian Bolsheviks formulated this understanding of the imperialist epoch

⁴³ Karl Marx: Kapital III, MEW 25, p. 229; in English: Capital, Vol. III; Chapter 13

⁴⁴ Karl Marx: Grundrisse der Kritik der politischen Ökonomie, in: MEW 42, p. 641; in English: Karl Marx: Grundrisse der Kritik der politischen Ökonomie (English), Chapter *Capital as Fructiferous. Transformation of Surplus Value into Profit*. (see also Karl Marx: Economic Manuscripts of 1861-63. *Capital and Profit. Chapter 7) General Law of the Fall in the Rate of Profit with the Progress of Capitalist Production*; in: MECW, Volume 33, pp. 104-145; <http://www.marxists.org/archive/marx/works/1861/economic/ch57.htm>)

⁴⁵ Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapitalismus; in: Revolutionärer Marxismus 39, August 2009, <http://www.arbeitermacht.de/rm/rm39/rm39imperialismus.htm>; in English: Michael Pröbsting: Imperialism and the Decline of Capitalism (2008), in: Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), <http://www.fifthinternational.org/content/imperialism-and-decline-capitalism>

unambiguously:

*„The present war is imperialist in character. This war is the outcome of conditions in an epoch in which capitalism has reached the highest stage in its development; in which the greatest significance attaches, not only to the export of commodities, but also to the export of capital; an epoch in which the cartelisation of production and the internationalization of economic life have assumed impressive proportions, colonial policies have brought about the almost complete partition of the globe, world capitalism's productive forces have outgrown the limited boundaries of national and state divisions, and the objective conditions are perfectly ripe for socialism to be achieved.“*⁴⁶

The Marxist theoretician, Yevgeni Preobrazhensky – an Old Bolshevik and a leader of Trotsky's Left Opposition against Stalinism in the 1920s – pointed to the permanent contradictions between the productive forces and the limitations posed by monopolistic capitalism:

*“The productive forces of capitalism have reached such a level of development, and the concentration of production has advanced so far, that any further development of the productive forces encounters an insurmountable barrier in the monopolistic structure.“*⁴⁷

It is this context, where monopolies are struggling to counteract the tendency of the rate of profit to fall. There are of course many instruments monopoly capital tries to use to achieve an advantage to raise its profits. Some examples are: trustification, export of capital, price manipulation, tariffs, patent property rights, bribery of politicians and the state apparatus in general, bribery of the labour bureaucracy etc. What these various measures have in common is the purpose to allow monopoly capital to obtain an *extra profit*, i.e. a profit which is above the average rate of profit. As Lenin said *“... monopoly yields super-profits, i.e., a surplus of profits over and above the capitalist profits that are normal and customary all over the world”*⁴⁸

All this leads to an important modification of the law of value since monopolisation creates numerous barriers for the unhindered flow of capital between the different branches and hence for the process of equalisation of the rate of profit. For example, if monopolies control a given industrial sector, they can hinder the influx of competing capitals. Or a given industrial or commercial branch is more or less divided in a monopolistic sector and a non-monopolistic sector where capital from the later sector can hardly move into the monopolistic sector.

Evgenij Preobrazenskij drew attention to this modification of the law of value in one of his major works.

“The limitation of free competition leads also to a limitation of the effects of the law of value ... When there is trustification or syndication ... prices systematically deviate from value ... The equalizing of the rate of profit between the trustified branches of

⁴⁶ V. I. Lenin: The Conference of the R.S.D.L.P. Groups Abroad (1915); in CW 21, p. 159

⁴⁷ Evgenij Preobrazenskij: The Decline of Capitalism (1931); Translation by Richard Day, London 1981, p. 172

⁴⁸ W. I. Lenin: Imperialism and the Split in Socialism (1916); in: LCW Vol. 23, pp. 114-115

*production is rendered almost impossible; they are transformed into closed worlds, into feudal kingdoms of capitalist organisations.”*⁴⁹

This does not mean that monopolisation removes the operability of the law of value. The control of a certain sector by a few monopolies allows them to enforce a monopoly price which deviates strongly from the value and therefore they can obtain a monopoly profit rate which is above the average rate of profit in this sector. As a result other, non-monopolistic parts of capital receive only a profit rate which is below the average rate of profit. In total, of course, the sum of prices cannot deviate from the sum of values. If the difference between the monopoly price and the value becomes too big, in one way or another, the monopolies control will be challenged by the other capitalists or a crisis and bankruptcies enforces a sharp adjustment of monopoly prices to the value.⁵⁰

The ever-increasing Grip of Monopolies in the World Economy

In their books on Imperialism, written in 1915 and 1916, both Bukharin and Lenin pointed out the enormously dominant role of the monopolies in the economic life. Since then this dominance has increased even more. Particularly in the period of Globalization such a growing role of monopolies has intensified as they internationalize their production and dominate more and more the world market. This is why we can define *Globalization as Monopolization + Internationalization*.

This internationalization has at its basis the massive rise of capital export by the monopolies. Figure 1 shows the huge increase of global Foreign Direct Investment in relation to the annual output measured as GDP.

A report of the United Nations about the power of the transnational corporations in the early 1970s said, that they controlled either directly or indirectly “*between 75 and 90 per cent of the mineral ore and metal resources, 30 to 40 per cent of the agricultural raw materials and close to 40 per cent of the food exports originating in the developing countries.*”⁵¹

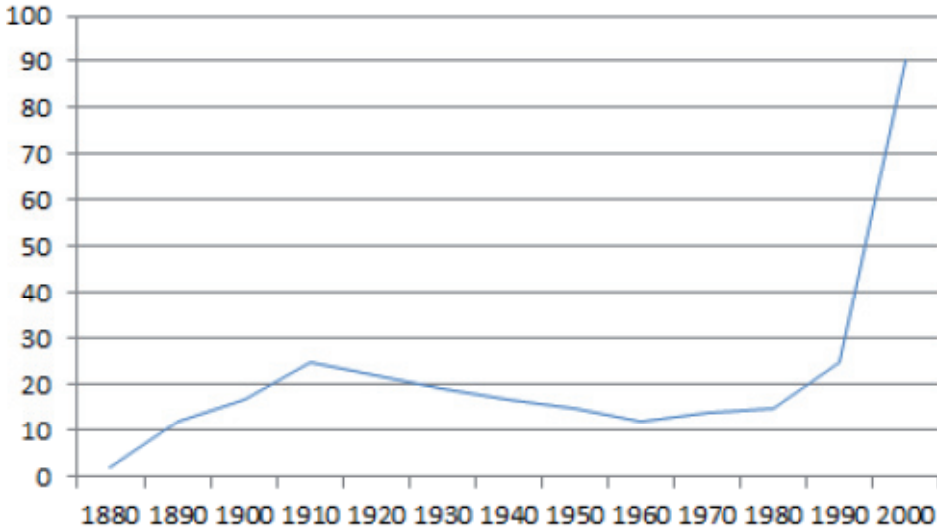
The leading journal of British capitalism, “*The Economist*”, wrote in the early 1990s that the Top 100 of the largest companies control 16% and the Top 300 about one-quarter of the world’s estimated \$20 trillion stock of productive assets. It also reported that “*possibly as much as a third of all trade*” takes place within Transnational Corporations (TNC).⁵²

⁴⁹ Evgenij Preobrazenskij: *Die Neue Ökonomik* (1926); Berlin 1971, p. 195 (our translation into English)

⁵⁰ A point well made by Ernest Mandel in his book *„Marxistische Wirtschaftstheorie“* (1962), Frankfurt a.M. 1968, p. 530

⁵¹ United Nations: *Towards the New International Economic Order. Analytical Report on Developments in the Field of International Economic Co-operation since the Sixth Special Session of the General Assembly, A/5-11.5*, New York, 1982, paraFigure 40, p. 9

⁵² *The Economist*: *Everybody’s favourite monsters. A Survey of Multinationals*, 27.3.1993, pp. 4-9

Figure 1: Global FDI flows to GDP (in %) ⁵³

The Top 600 corporations with annual sales over \$1 billion were reported to account for more than a fifth of the world's total value-added in manufacturing and agriculture. Directly and indirectly, multinational corporations were said to account for 5% of the global work-force while at the same time they control over 33% of global assets. ⁵⁴ Even a capitalist mouth piece like *The Economist* has to acknowledge: "Foreign direct investment has already reduced the freedom of governments to determine their own economic policy." ⁵⁵

A study of a German economist reports: "Although global trade and global activities of capital are nothing new, the pace of capital movement as well as the form and concentration of capital have changed. The liberalisation of capital movements is one of the features of global capitalism and TNCs are now shedding much of their traditional in-house functions and replace them by outsourcing. They are building networks of

⁵³ Michael Roberts: A world rate of profit. Globalisation and the world economy (2012), p. 2, http://thenextrecession.files.wordpress.com/2012/07/roberts_michael-a_world_rate_of_profit.pdf

⁵⁴ See Stephen Gill: Gramsci, Modernity and Globalization; International Gramsci Society Online Article, January 2003, http://www.internationalgramscisociety.org/resources/online_articles/articles/gill01.shtml

⁵⁵ Quoted in Morris Miller: Where Is Global Interdependence Taking Us? Why We Need A „New (Improved) Bretton Woods“; From „Social Tensions & Armed Conflict: Ethnic & Other Aspects“, Panel: Global interdependence in economic & financial matters“, Pugwash, Nova Scotia, July 28-31, 1994 <http://www.ncrb.unac.org/unreform/archive/globalization.html>

*dependant small and medium-sized enterprises and are supplying global markets. For example, the sports shoe company Nike employs only 9.000 core workers, but there are 75.000 workers in the chain of subcontractors which supply Nike. Some TNCs have gone as far as selling their name only while they leave manufacturing to others. Examples are Kodac, Olivetti, Siemens and General Motors. TNCs control about 70% of all world trade and over a quarter of the world's economic activity takes place within the 200 largest corporations."*⁵⁶

The monopolies are the biggest capitalists, concentrating a huge amount of accumulated capital, and by this they can control the economy despite employing only a relatively small share of the workers. According to another report in the mid-1990s multinational companies account for the direct employment of about 65 million persons or 3 percent of the global labor force.⁵⁷

In a book published in 2008, the UN advisor Jean Ziegler gave the figure that the biggest 500 multi-national corporations control 53% percent of the world's Gross Domestic Product despite only directly employing 1.8% of the world labor force.⁵⁸

Éric Toussaint produced an impressive list which shows the dominance of the monopolies. According to this list three multinational corporations control 53% of the glass automobile parts, six corporations control 85% of the tyres global production, seven corporations control 90% of the medical equipment production, two corporations control 80% of the instant coffee production, five corporations control 77% of the grain production, three corporations control 80% of the banana production, four corporations control 87% of the tobacco production, ten corporations control 76% of the car production, four corporations account for 70% of the global sales of telecommunication and related equipment, two corporations account for more than 95% of the global production of civilian aeronautics and one corporation controls 60% of the microprocessor market.⁵⁹

These figures were further underlined by the very recent findings of three systems theorists at the Swiss Federal Institute of Technology in Zurich. At the end of 2011 they published a widely reported study in which they took a database listing 37 million companies and investors worldwide and analyzed all 43.060 transnational corporations and the share ownerships linking them. They built a model of who owns what and what their revenues are and mapped the whole edifice of economic power. As the US business magazine reported

⁵⁶ Herbert Jauch (Labour Resource and Research Institute (LaRRI)): Globalisation and Labour, Prepared for the Regional Labour Symposium, Windhoek, 6 December 2005, p. 4

⁵⁷ Morris Miller: Where Is Global Interdependence Taking Us?: Why We Need A „New (Improved) Bretton Woods“; From „Social Tensions & Armed Conflict: Ethnic & Other Aspects“, Panel: Global interdependence in economic & financial matters“, Pugwash, Nova Scotia, July 28-31, 1994 <http://www.ncrb.unac.org/unreform/archive/globalization.html>

⁵⁸ Jean Ziegler: Das Imperium der Schande. Der Kampf gegen Armut und Unterdrückung, München 2008, p. 235

⁵⁹ Éric Toussaint: Your Money or your Life. The Tyranny of the Global Finance; Brussels 1999, p. 33

they came to the conclusion that only 147 corporations alone controlled 40% of the global economy:

*“They discovered that global corporate control has a distinct bow-tie shape, with a dominant core of 147 firms radiating out from the middle. Each of these 147 own interlocking stakes of one another and together they control 40% of the wealth in the network. A total of 737 control 80% of it all.”*⁶⁰

The study also revealed the massive dominance of the financial sector among the top monopolies. Out of the top 50 corporations, only 5 do not have their basis in the financial sector! This confirms the conclusion of the Marxist economist Rudolf Hilferding more than one hundred years ago which Lenin picked up: that the monopolies have the character of finance capital which is a fusion of banking and industrial capital of which the first plays a dominant role.

Finally the study also revealed the still existing dominance of the monopoly capital from the old imperialist countries. Nearly half of the top 50 corporations come from the declining but still leading imperialist power USA. While the rest come nearly all from European Union countries and Japan, it is also interesting to note that there is a Chinese monopoly capitalist, reflecting the country’s transformed status as an emerging imperialist power. (see Table 1)

Finally we want to present the findings of a recent *World Investment Report* from UNCTAD. In this report UNCTAD says that the TNC’s produce ¼ of the annual world output. (See also Figure 2) According to this report about 40% of the TNC’s “value added” is produced by their foreign affiliates:

*“UNCTAD estimates that TNCs worldwide, in their operations both at home and abroad, generated value added of approximately \$16 trillion in 2010, accounting for more than a quarter of global GDP. In 2010, foreign affiliates accounted for more than one-tenth of global GDP and one-third of world exports. International production by TNCs (i.e. value added by foreign affiliates) accounts for around 40 per cent of TNCs’ total value added, up from around 35 per cent in 2005.”*⁶¹

Table 1: National composition of Top 50 control-holders Shareholders⁶²

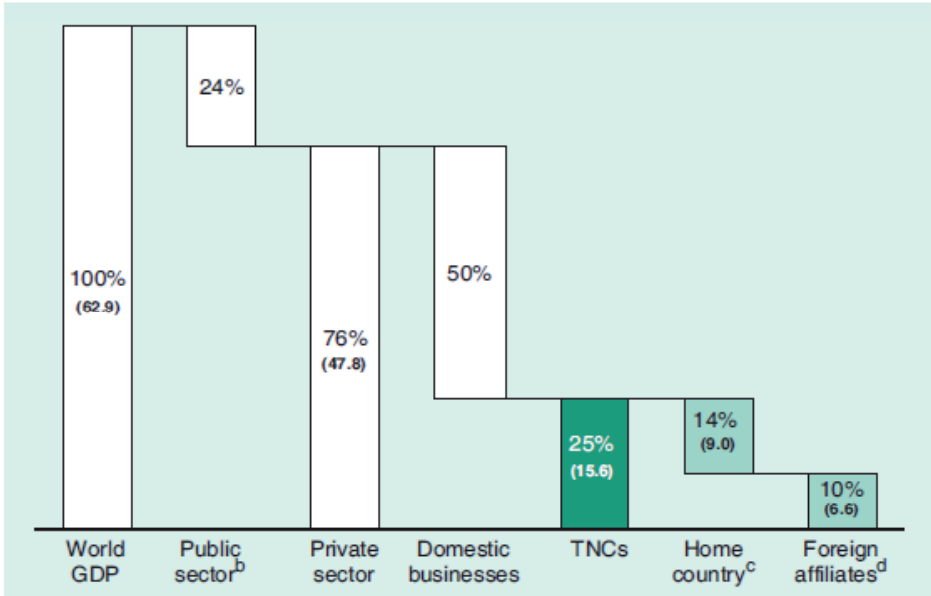
USA	UK	France	Japan	Germany	Swiss	Netherland	China	Canada	Italy
24	8	5	4	2	2	2	1	1	1

⁶⁰ See The 147 Companies That Control Everything, 22.10.2011 <http://www.forbes.com/sites/bruceupbin/2011/10/22/the-147-companies-that-control-everything/>; S. Vitali, J.B. Glattfelder, and S. Battiston: The network of global corporate control (2011), ETH Zurich, <http://arxiv.org/pdf/1107.5728v2.pdf>

⁶¹ UNCTAD: World Investment Report 2011, p. 24

⁶² S. Vitali, J.B. Glattfelder, and S. Battiston: The network of global corporate control (2011), ETH Zurich, <http://arxiv.org/pdf/1107.5728v2.pdf>

**Figure 2: Transnational Corporations share of world GDP, 2010
(Percent and trillions of dollars) ⁶³**



**Figure 3: Internationalization Statistics of the 100 largest non-financial TNCs worldwide and from Developing and Transition Economies
(Billions of dollars, thousands of employees and per cent), 2010 ⁶⁴**

Variable	100 largest TNCs worldwide					100 largest TNCs from developing and transition economies		
	2008	2009	2008–2009 % change	2010 ^b	2009–2010 % change	2008	2009	% change
Assets								
Foreign	6 161	7 147	16.0	7 512	5.1	899	997	10.9
Total	10 790	11 543	7.0	12 075	4.6	2 673	3 152	17.9
Foreign as % of total	57	62	4.8 ^a	62	0.3 ^a	34	32	-2.0
Sales								
Foreign	5 168	4 602	-10.9	5 005	8.8	989	911	-7.9
Total	8 406	6 979	-17.0	7 847	12.4	2 234	1 914	-14.3
Foreign as % of total	61	66	4.5 ^a	64	-2.2 ^a	44	48	3.3
Employment								
Foreign	9 008	8 568	-4.9	8 726	1.8	2 651	3 399	28.2
Total	15 729	15 144	-3.7	15 489	2.3	6 778	8 259	21.9
Foreign as % of total	57	57	-0.7 ^a	56	-0.2 ^a	39	41	2.0

⁶³ UNCTAD: World Investment Report 2011, p. 25

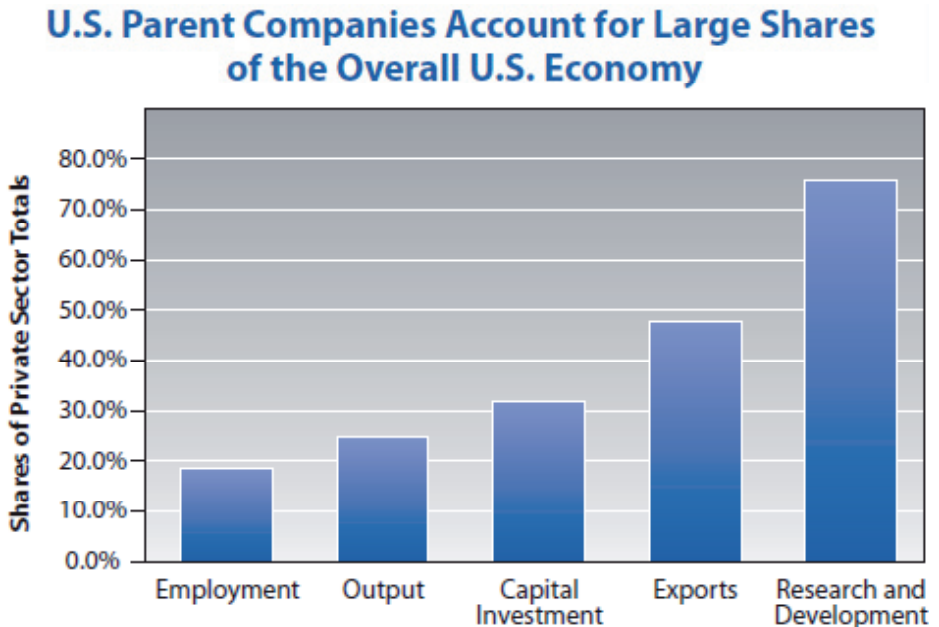
⁶⁴ UNCTAD: World Investment Report 2011, p. 27

As Figure 3 shows the 100 largest non-financial TNCs worldwide have between 57% and 66% of their employees, assets and sales abroad.

The next Figure 4 shows that monopoly capital in form of the multinational corporations plays a central role in the US economy. In 2006 they accounted for 19.1% of total U.S. private-sector payroll employment, for 24.9% of all U.S. private-sector output, for 31.3% of all U.S. private-sector capital investment, for 48.0% of the U.S. total exports and for 75.8% of the total Research and Development performed by all U.S. companies.

So we can summarize that the monopolies could substantially increase their dominance over the world economy. We can also see that the formula “*Globalization = Monopolization + Internationalization*” does not mean an abstract “*Internationalization*” but the growing control of the monopolies which have their centre in the imperialist states. Furthermore they are closely connected with these imperialist states which give them the necessary political and military weight to defend their interests around the world.

Figure 4: U.S. Parent Companies Account for Employment, Output, Capital Investment, Exports and Research and Development, 2006 ⁶⁵



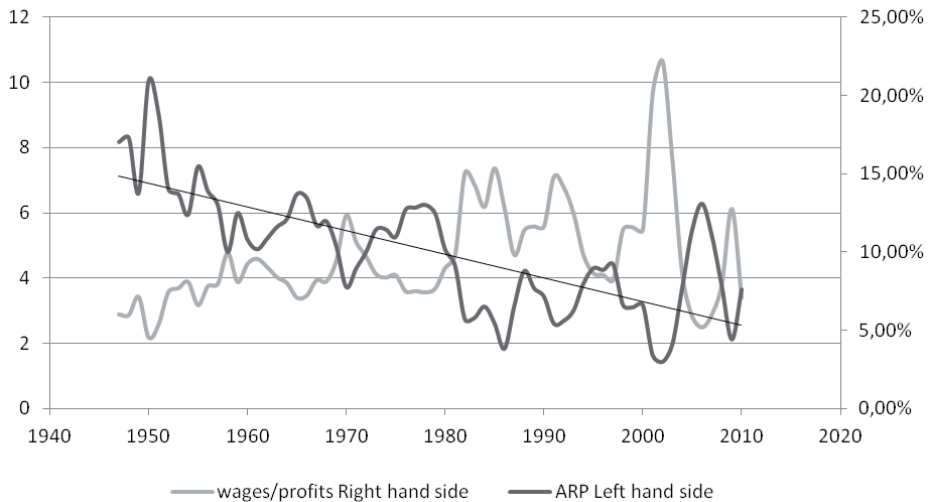
⁶⁵ Matthew J. Slaughter: How U.S. Multinational Companies Strengthen the U.S. Economy (2009), Published by Business Roundtable and The United States Council Foundation, p. 5

Chapter 3: The Decline of Capitalism since the 1970s

The steady increasing monopolisation and the monopolies drive to increase their profits can only be understood in the context of capitalisms' tendency towards stagnation and decline. In Lenin's conception of capitalism in the epoch of imperialism, there is a constant tension between the development of the productive forces, and the tendency to decline. As Lenin said imperialism is "*parasitic or decaying capitalism.*"

Of course this tendency towards stagnation and decline must not be understood as a gradual, one-way process. It is rather a dialectical process since the capitalist economy proceeds in economic cycles. In addition to this even the epoch of imperialism knows longer phases of upswing. But all in all and *over the long run* capitalism is in decline and the average rate of profit tends to fall – a fact which becomes also evident if one looks at the development of world capitalism in the past half century.

Figure 5: Average Rate of Profit (ARP) in the US Productive Sectors, 1948-2010 ⁶⁶



⁶⁶ Guglielmo Carchedi: Could Keynesian Policies end the Slump. An Introduction to the Marxist Multiplier, July 6, 2012, <http://marx2010.weebly.com/could-keynesian-policies-end-the-slump-an-introduction-to-the-marxist-multiplier.html>

Since we have dealt with these questions in other documents we will only present some summary statistics to give our readers an overview.⁶⁷

The Marxist economist Guglielmo Carchedi, amongst others, demonstrated in a number of works the validity of the Marxist theory that the average rate of profit has the historic tendency to fall and is the underlying cause for capitalism's decline. Figure 5 shows the long-term decline of the profit rate in the US productive sector.

A similar analyzes which shows that the tendency of the rate of profit to fall is the deep cause of capitalism's decline, is provided by Andrew Kliman, another Marxist economist. (See Figure 6)

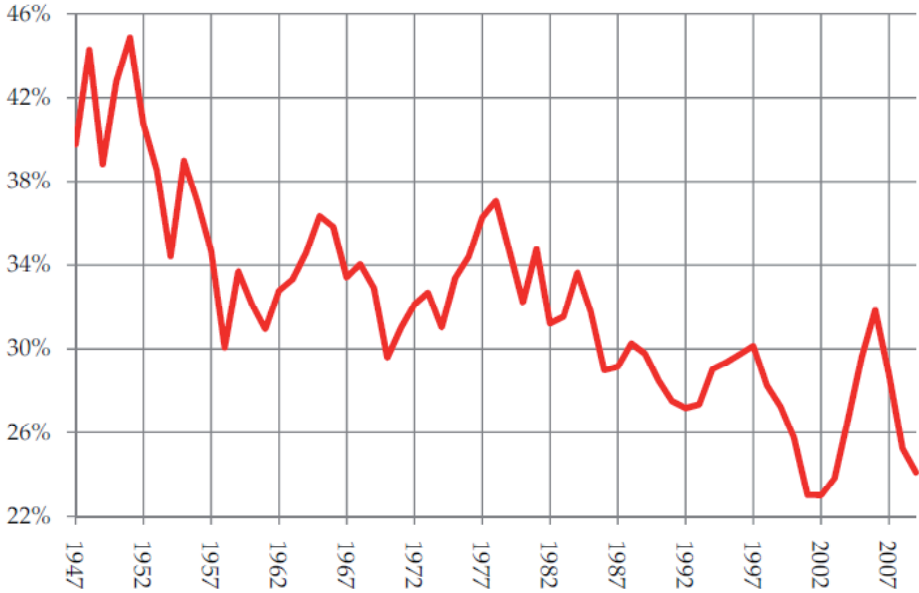
In the next Figure 7, which we take from another work of Carchedi, we can see the rising organic composition of capital, i.e. the share of variable capital (labor) – which is the only source of new surplus value – of total capital is historically declining while the share of constant capital (machinery, raw material, infrastructure etc.) – which does not create any new value – of total capital is historically rising. This is the main reason for the tendency of the average rate of profit to fall.

Andrew Kliman also emphasizes in his recent book *The Failure Of Capitalist Production* that the decline of the profit rate in the USA since WWII was mainly due to the rising organic composition of capital: “Almost all the decline in the rate of profit during the 60-year period, 89 percent, can therefore be attributed to the rise in the value composition of capital.”⁶⁸

As a result we can see the declining dynamic of the capitalist world economy and the sharpening of its contradictions on various levels. If we take the broadest and most used indicator by the bourgeois economists – the Gross Domestic Product (GDP) – we can already see the worldwide declining dynamic (despite the many inaccuracies of this bourgeois category which includes not only production but also the parasitic or non-productive sector of the economy). In Table 2 we can see the declining dynamic of the GDP, from an annual average of +3,8% in the 1970s to +3,2% (1980s), +2,6% (1990s) to +2,48% (2000s).

⁶⁷ See for example Michael Pröbsting: Vor einem neuen Wirtschaftsaufschwung? Thesen zum marxistischen Konzept des Zyklus, dem Verhältnis des gegenwärtigen Zyklus zur Periode der Globalisierung sowie den Aussichten und Widersprüchen der künftigen Entwicklung der Weltwirtschaft (2010), in: Revolutionärer Marxismus 41, Februar 2010, <http://www.arbeitermacht.de/rm/rm41/wirtschaftsaufschwung.htm>; Michael Pröbsting: World economy – heading to a new upswing? (2009), in: Fifth International Vol 3, No. 3, <http://www.fifthinternational.org/content/world-economy-%E2%80%93-heading-new-upswing>; Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapitalismus (2009), in: Revolutionärer Marxismus 39, <http://www.arbeitermacht.de/rm/rm39/rm39imperialismus.htm>; Michael Pröbsting: Imperialism and the Decline of Capitalism (2008), <http://www.fifthinternational.org/content/imperialism-and-decline-capitalism>

⁶⁸ Andrew Kliman: *The Failure of Capitalist Production. Underlying Causes of the Great Recession*, London 2011, p. 130

Figure 6: Rate of Profit of US Corporations, 1947-2009 ⁶⁹

This tendency becomes even more obvious if we look to the industrial sector which is a better indicator because it is the core of the capitalist value production. As Table 3 shows, industrial growth has declined in the imperialist centers from a plus of 5-13% in the 1960s down to industrial decline in the 2000s.

The basis for this decline is the increasing structural over-accumulation of capital and the related tendency of the profit rate to fall. It is increasingly difficult for the capitalists to invest their capital profitably so they move more and more of their capital into the sphere of speculation etc. As a result the rate of accumulation of productive capital is more and more slowing down. This can be seen in Table 4 which shows the growth rate of Gross Fixed Capital Formation in the imperialist metropolises for the years 1961-2010. While the growth rate of capital accumulation in USA, Japan und EU-15 was between 5% and 15% in the 1960s, it declined to 2% and 5% in the decades after. In the 2000s there was outright stagnation or even decline (between +0.3% and -1.9%).

⁶⁹ Andrew Kliman: *A Crisis of Capitalism* (not neoliberalism, "financialized capitalism," or low wages), 2010, p. 4. We shall also refer here to Michael Roberts' thoughtful studies on the rate of profit like his book *"The Great Recession. Profit cycles, economic crisis. A Marxist view"* (2009), as well as various articles like *"The US rate of the profit – the latest"* (2012), <http://thenextrecession.wordpress.com/2012/11/25/the-us-rate-of-the-profit-the-latest> or *"The rate of profit is key"* (2012), <http://thenextrecession.wordpress.com/2012/07/26/the-rate-of-profit-is-key> and many other on his blog <http://thenextrecession.wordpress.com>.

Figure 7: Average Rate of Profit (ARP) and Organic Composition (C/V) in the US Productive Sectors, 1948-2009 ⁷⁰

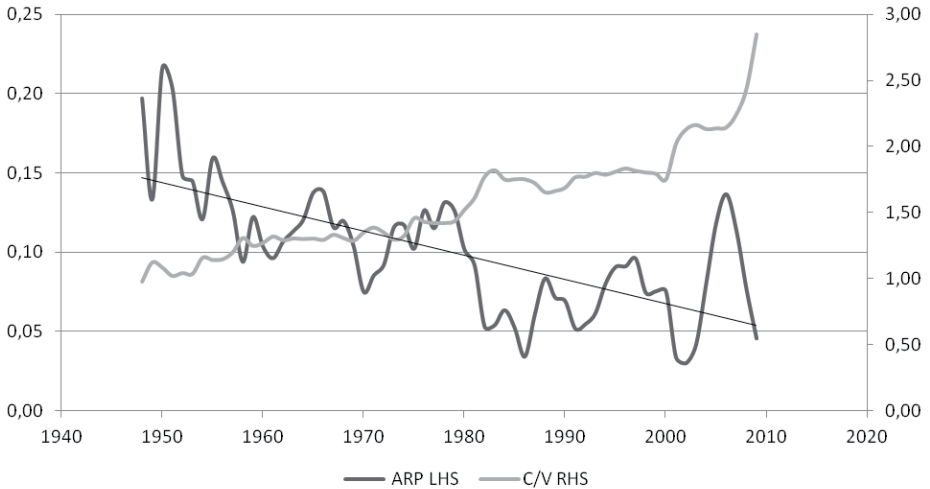


Table 2: Growth Rate of the worldwide Gross Domestic Product 1971-2010 (in % p.a.) ⁷¹

1971-1980	+3.8%
1981-1990	+3.2%
1991-2000	+2.6%
2001-2010	+2.48%

⁷⁰ Guglielmo Carchedi: Behind the Crisis, Paper presented at Marxism 2011, London, July 2, 2011, p. 9, <http://marx2010.weebly.com/behind-the-crisis1.html>

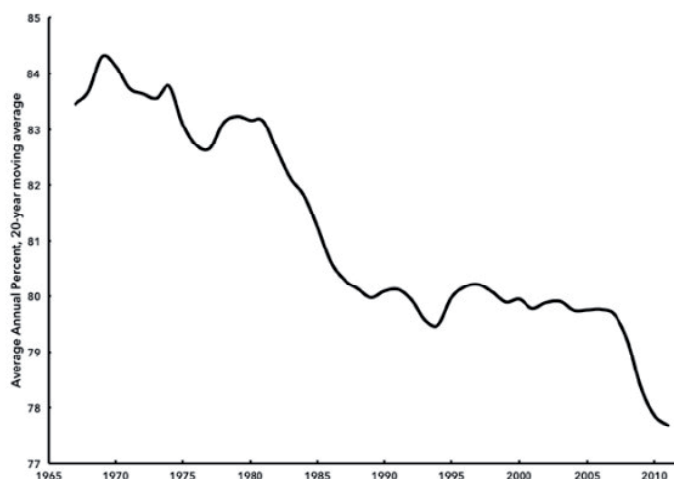
⁷¹ For the years 1971-2000 see World Bank: Global Economic Prospect 2002, p.234; for 2001-2010 see United Nations: World Economic Situation and Prospects 2008, pp. 1-2 as well we World Economic Situation and Prospects 2011, p. 5. The figures between the years 1971-2000 are based on the World Bank calculations of GDP at constant 1995 prices and exchange rates. The figures for 2001-2010 are based on the UN calculations of GDP at constant 2005 prices and exchange rates. The 2.48% is the arithmetic mean for the figures for the years 2001-2010 (+1.6%, +1.9%, +2.7%, +4.0%, +3.5%, +4.0%, +3.9%, +1.6%, -2.0% and +3.6%)

Table 3: Growth Rate of Industrial Production in USA, Japan and EU-15, 1961-2010 (in % p.a.) ⁷²

	<i>USA</i>	<i>Japan</i>	<i>EU-15</i>
1961-1970	+4.9%	+13.5%	+5.2%
1971-1980	+3.0%	+4.1%	+2.3%
1981-1990	+2.2%	+3.9%	+1.7%
1991-2000	+4.1%	+0.2%	+1.6%
2001-2010	-0.3%	-0.4%	-0.3%

Table 4: Growth Rate of Gross Fixed Capital Formation in USA, Japan and EU-15, 1961-2010 (in % p.a.) ⁷³

	<i>USA</i>	<i>Japan</i>	<i>EU-15</i>
1961-1970	+4.7%	+15.7%	+5.9%
1971-1980	+3.9%	+3.5%	+1.8%
1981-1990	+3.0%	+5.7%	+2.7%
1991-2000	+6.4%	-0.6%	+2.2%
2001-2010	-1.1%	-1.9%	+0.3%

Figure 8: Manufacturing Capacity Utilization in USA (in %) ⁷⁴

⁷² European Commission: Statistical Annex of European Economy, Spring 2012, p. 53. Since there are no figures for the EU-15 for the years 1961-70 and 1971-80 in these EU statistics, we have used for these years the arithmetic mean of the figures for Germany, France, Great Britain and Italy.

⁷³ European Commission: Statistical Annex of European Economy, Spring 2012, p. 69

⁷⁴ John Bellamy Foster and Robert W. McChesney: The Endless Crisis (2012), in: Monthly Review, May 2012, <http://monthlyreview.org/2012/05/01/the-endless-crisis>

This over-accumulation of capital and declining profit rates result in an increasing proportion of industrial productive capacity that is not utilized. This can be seen in Figure 8 which shows the long-term slide in capacity utilization in manufacturing in the biggest capitalist economy, the USA.

In comparison to the old imperialist metropolises the capitalistically backward countries in the South have a relatively higher rate of capital accumulation, as the overview in Table 5 shows. This is an expression of the lower organic composition of capital and the higher average rate of profits in these countries (and hence the drive of the monopolies to export capital to them).

Table 5: Capital Accumulation: Growth Rates of Fixed Capital Stock, 1960-2000 (in %, p.a.) ⁷⁵

	<i>Industrial Countries</i>	<i>Korea</i>	<i>China</i>	<i>India</i>	<i>Brazil</i>
1960s	+5.0%	+8.9%	+1.9%	+4.5%	+5.8%
1970s	+4.2%	+14.6%	+7.2%	+4.1%	+9.6%
1980s	+3.1%	+11.2%	+8.4%	+4.9%	+4.1%
1990s	+3.3%	+9.6%	+10.9%	+6.2%	+2.2%

We have explained that imperialism is parasitic capitalism, something which is disputed by the Cliffite SWP/IST tradition. Thus the late SWP/IST leader Chris Harman criticized Lenin's theory of imperialism with the following arguments:

“Lenin was scathing about the trend in Hilferding's politics, describing him as an ‘ex-Marxist’. But he took over the term finance capital and puts it at the centre of his own theory. In doing so he left his own work open to ambiguous interpretations. His intention was to insist that the tendency towards monopoly meant that the core capitals in each country were driven to imperialist policies of dividing and redividing the world. For this reason, he criticised one of Hilferding's definitions of ‘finance capital’ as ‘capital controlled by banks and employed by industrialists’ as ‘incomplete’:

It is silent on one extremely important fact: the increase of concentration of production and of capital to such an extent that concentration leads, and has led, to monopoly ... The concentration of production; the monopolies arising there from; the merging or coalescence of the banks with industry – such is the history of the rise of finance capital and such is the content of this term.

But the phraseology of certain other parts of the pamphlet has allowed people to interpret him as saying, rather as Hobson and Kautsky did, that financial interests and the banks were mainly responsible for imperialism. This was especially so when, basing

⁷⁵ Andrew Glyn: Capitalism Unleashed. Finance, Globalization, and Welfare, New York 2006, p. 101

himself on Hobson, he insisted on the 'parasitic' character of finance capital, writing of 'the extraordinary growth of a class, or rather of a social stratum of rentiers, i.e. people who live by "clipping coupons", who take no part in any enterprise whatever, whose profession is idleness. The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production, and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies'. This stress on the 'parasitism' of finance capital allowed some people who supposedly based themselves on his work to claim in the decades after his death that it was possible to form anti-imperialist alliances with sections of industrial capital against finance capital – that is, to fall back precisely into the Kautsky policy that Lenin attacked so bitterly.

It also seemed to make the whole theory of imperialism rest upon the key role of the banks in exporting financial capital. But this did not fit with the picture even when Lenin was writing, let alone in the decades afterwards. The export of finance – and of the rentiers – was a central feature of British capitalism in the two decades before Hobson wrote. But Britain no longer 'showed the future' to other capitalist countries, as it had in Marx's day. Its new competitors, like Germany and the US, had leapt over Britain when it came to the concentration and monopolisation of industry. In the German case it was the industrial combines, especially those in heavy industry, that sought to expand beyond national frontiers by the establishment of colonies and spheres of influence. Moreover, the characteristic feature of the US and Russian economies in this period was not the export of capital but the inflow of funds from other capitalist countries (although here there was some re-export of capital). On a strict reading of Lenin's *Imperialism* these would seem not to be imperialist states at all at the time of the First World War, even though both had joined in the partitioning of the rest of the world in the previous quarter of a century.

This focus on financiers is even more problematic when we come to the quarter of a century after Lenin wrote. Britain began to go down the German road with the formation of its own great industrial near-monopolies (ICI, Unilever, etc.), while it was heavy industry that played the key part in pushing the redivision of Europe in Germany's interests in the 1930s. And, as Tony Cliff pointed out, Japanese imperialism followed a policy of industrialising parts of its Taiwanese, Korean and Manchurian colonies as an extension of its own economy. Overall Cliff noted, 'While in the years 1860 to 1914 the quantity of capital invested abroad by the advanced capitalist countries grew almost uninterruptedly, from 1914, by when imperialism had reached maturity, the quantity of capital invested abroad never rose above the level of 1914 and even declined below it'.

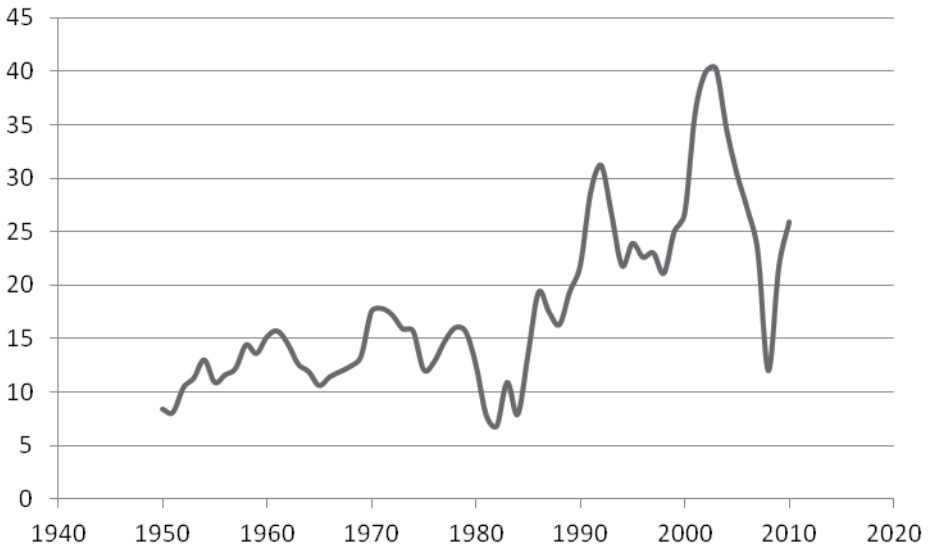
What is more, far from the imperialist powers becoming deindustrialised parasites living to an ever increasing extent off incomes obtained from production elsewhere in the world, they experienced the expansion of new industries in the years between the wars, which increased the gap between them and most of the rest of the world. Yet they also remained intent on imperialist expansion, with Britain and France grabbing most of the Middle East and the former German colonies, Japan expanding into China, and Germany then beginning to carve out a new empire in Europe.

*Lenin, by leaning excessively on Hobson's interpretation of Britain before 1900, damages his own argument."*⁷⁶

It is difficult to suppress one's amusement about this statement. Lenin in 1916 was able to see the *tendency* of the monopolies to move their capital from the production to the speculative sphere – and he always stressed that this is a tendency (as it is a tendency that the profit rate falls, which doesn't mean for any reasonable Marxist that the profit rate permanently goes down). However while Lenin could recognize this in 1916, the Cliffites are not able to see this very obvious fact even in the year 2003!

It is exactly because of the increasing difficulties for realising sufficient profit rates in the productive sector that capital is increasingly moving into the unproductive and speculative sector. In Figure 9 we can see this tendency in the US economy. There has been a huge shift – especially since the 1980s – to a shift in the economy from production to speculative finance. This speculative sector is often called FIRE (finance, insurance, and real estate). According to official BEA data for the US economy this purely speculative FIRE sector was responsible for 21.1% - i.e. more than a fifth – of GDP in 2010.⁷⁷

Figure 9: Financial Profits as a Percentage of Total Profits, US Corporations (in %)⁷⁸

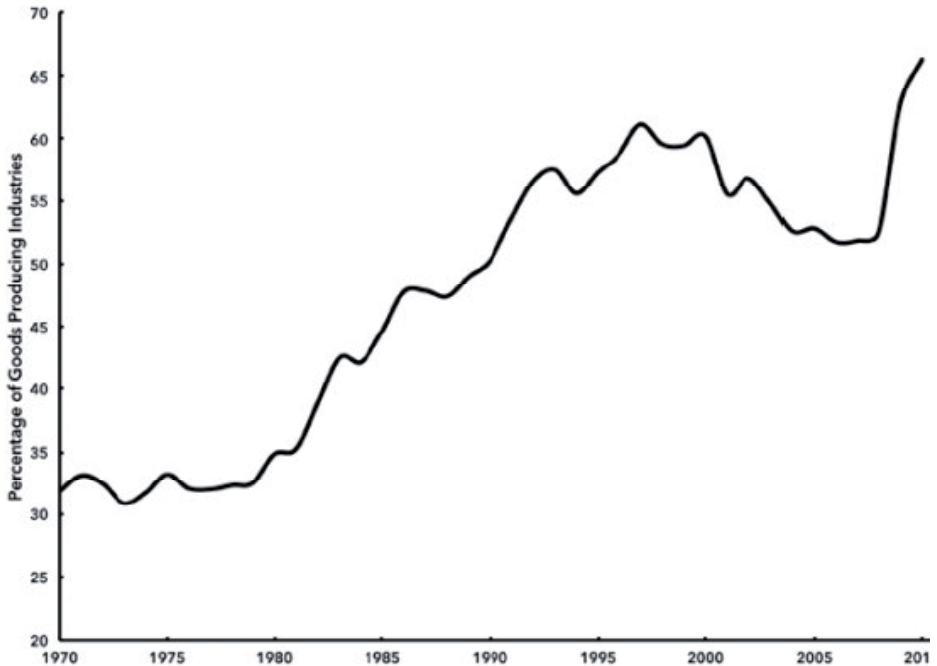


⁷⁶ Chris Harman (SWP): Analysing Imperialism (Summer 2003); in: International Socialism 2:99, p. 14 <http://pubs.socialistreviewindex.org.uk/isj99/harman.htm>

⁷⁷ Ron Baiman: Unequal Exchange and the Rentier Economy (2011), Chicago Political Economy Group (CPEG), p. 4

⁷⁸ Guglielmo Carchedi: From the Crisis of Surplus Value to the Crisis of the Euro, August 15, 2012, p. 4, <http://marx2010.weebly.com/from-the-crisis-of-surplus-value-to-the-crisis-of-the-euro.html>

Figure 10: Share of GDP Going to FIRE (Finance, Insurance, and Real Estate) as Percent of Total Goods-Producing Industries Share in USA (in %) ⁷⁹



Carchedi showed in a recently published working paper the massive rise of the financial profits as a percentage of total profits in the USA since the 1950s. (See Figure 9)

If one compares the weight of this speculative FIRE sector with the sector of goods production one can see that the FIRE portion of national income expanded from 35% of the goods-production share in the early 1980s to over 65% in recent years. (See Figure 10) The Marxist economists John Bellamy Foster and Robert W. McChesney from the US journal *Monthly Review* remarked correctly: “The so-called economic booms of the 1980s and ‘90s were powered by the rapid growth of financial speculation leveraged by increasing debt, primarily in the private sector.” ⁸⁰

The following Figure 11 shows another aspect of the parasitic character of US imperialism. While the USA gained huge profits from its capital export abroad (see the “income from assets held abroad” for the years 1946-2008), it increasingly became a net importer of commodities as the rising deficit in

⁷⁹ John Bellamy Foster and Robert W. McChesney: *The Endless Crisis* (2012), in: *Monthly Review*, May 2012, <http://monthlyreview.org/2012/05/01/the-endless-crisis>

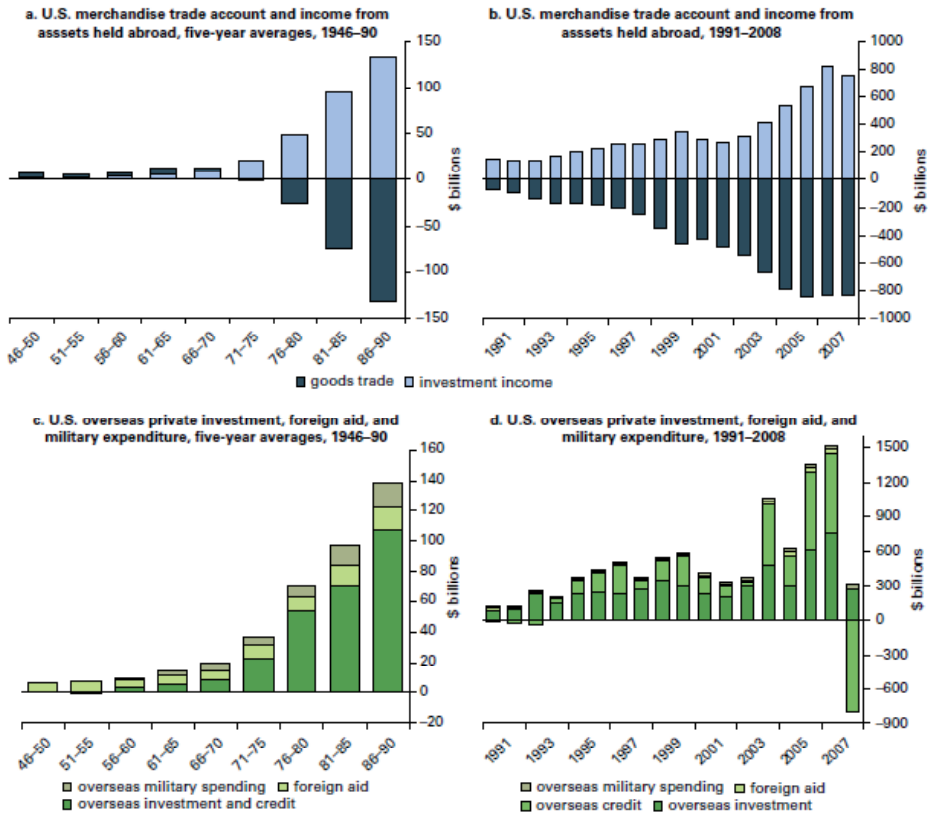
⁸⁰ John Bellamy Foster and Robert W. McChesney: *The Endless Crisis* (2012), in: *Monthly Review*, May 2012, <http://monthlyreview.org/2012/05/01/the-endless-crisis>

merchandise trade shows in the same Figure. In other words, US capital invests less and less in productive investment at home (see for this also Table 4 about the declining growth rate of capital formation). At the same time it invests more capital in other countries where it expects a higher rate of profit. As a result it has to cover the economy's need for commodities by a permanent trade deficit since its own productive capacities cannot satisfy these needs.

Against this background of declining and increasingly parasitic capitalism the monopolies are increasing the exploitation of the working class and the super-exploitation of the semi-colonial countries and they are sharpening the rivalry against each other.

Figure 11: U.S. Balance Of Payments, 1946–2008 (in Billion US-Dollars) ⁸¹

FIGURE 3.6 U.S. balance of payments, 1946–2008



⁸¹ World Bank: Global Development Horizons 2011. Multipolarity: The New Global Economy, p. 137

Chapter 4: Capitalist Value Production and the Working Class Move to the South

Given the subject of this book we focus here on the consequences of the monopolies' attempts to counter the decline of its profit rates in the semi-colonial world. The drive of monopoly capital to increase the super-exploitation of the semi-colonial world led to a massive shift of the production and hence the working class to the South. As a result, the production of capitalist values increasingly came from the South. We have already pointed this development out in our German-language book on the Arab Revolution (*“Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes“*) and want to elaborate on this issue here further.⁸²

As we can see in the various Tables and Figures below, we have witnessed a long-term process of industrialization of the South in the epoch of imperialism. According to a study of the Soviet economist S.L. Wygodski, in 1938 the imperialist countries had a share of 91.7% in world manufacturing and the (semi-)colonial countries produced 8.3%.⁸³ As Table 6 shows this share of the (semi-)colonial countries grew to 15.4% in 1979.

In the last three decades this process of industrialization of the semi-colonial world accelerated even more. The South's share of the world industrial production grew - as Table 7 and Figure 12 show - from 19.2% in 1985 to 35.8% in 2010.

Table 6: Share of Imperialist and (Semi-)Colonial Countries in World Industrial Production 1948-1979⁸⁴

	1948	1971	1979
Developed capitalist countries	89%	86%	4.6%
Developing countries	11%	14%	5.4%

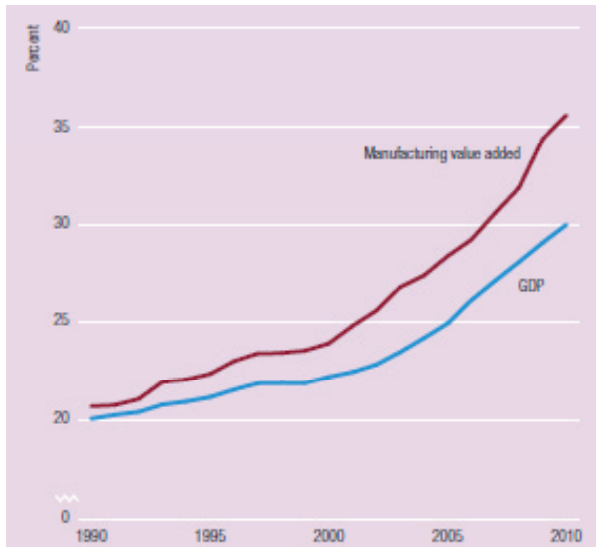
⁸² Michael Pröbsting: *Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes*, Kapitel: Der Wind kommt zunehmend vom Süden. Über die wachsende Bedeutung des Proletariats der halbkolonialen und schwachen imperialistischen Staaten (The Half Revolution. Lessons and perspectives of the Arab Uprising, Chapter: The Wind comes increasingly from the South. On the increasing importance of the Proletariat of the semi-colonial and weak imperialist countries); in: *Der Weg des Revolutionären Kommunismus*, Theoretisches Journal der Revolutionär-Kommunistischen Organisation zur Befreiung, RKOB), Nr. 8 (2011), p. 9, <http://www.thecommunists.net/publications/werk-8>

⁸³ S.L. Wygodski: *Der gegenwärtige Kapitalismus* (1969), Berlin 1972, p. 387

⁸⁴ Hans Tammer (Hrsg.): *Anschauungsmaterial. Politische Ökonomie, Kapitalismus*, Berlin 1984, p. 132 and S.N. Beljajewa, E.M. Waschenzewa, I.I. Ermolowitsch, M.M. Koptew, E.I. Korezkaja, W.N. Kuwaldin, W.W. Mestscherjakow (Autorenkollektiv): *Politische Ökonomie - Kapitalismus* (1970), Berlin 1973, p. 137

Table 7: Manufacturing Share by Region, 1985, 1990, 2000 and 2010 (in %) ⁸⁵

	1985	1990	2000	2010
World	100%	100%	100%	100%
Developed Countries	80.8%	79.3%	76.1%	64.4%
Developing Countries	19.2%	20.7%	23.9%	35.8%
Eastern Europe and ex USSR	-	3.7%	1.9%	2.3%
Eastern Europe and ex USSR (without Russia)	-	1.4%	1%	1.4%
East Asia	8.2%	6.3%	11.1%	20.9%
East Asia (without China)	3.9%	3.6%	4.4%	5.5%
South Asia	1.7%	1.5%	1.8%	2.8%
Latin America	5.4%	6.1%	5.9%	5.7%
Sub-Saharan Africa	1%	0.8%	0.7%	0.7%
Sub-Saharan Africa (without South Africa)	0.5%	0.3%	0.3%	0.3%
Middle East and North Africa	1.4%	2.3%	2.6%	3.1%

Figure 12: Developing Economies' Share in World Manufacturing Value Added and GDP, 1990–2010 ⁸⁶

⁸⁵ The statistics are compiled from two different UNIDO reports: UNIDO: Industrial Development Report 2002/2003. Competing through Innovation and Learning, p. 149 (for the year 1985); UNIDO: Industrial Development Report 2011. Industrial energy efficiency for sustainable wealth creation. Capturing environmental, economic and social dividends, p. 142 (for the rest of the years)

⁸⁶ UNIDO: Industrial Development Report 2011, p. 143

This shift of the world industrial production – the core of the capitalist values production – is the result of the dual process of the decline of industry and value creation in general in the old imperialist countries and the rise of industry and value creation in the semi-colonial world and emerging imperialist China. In Table 8 we can see that industry counted for 31.8% of the GDP in 1990 but only 24.9% in 2005. In the so-called developing countries on the other the industry's share rose from 35.9% to 37.8%.

We get a closer picture of the present state of industry's share in different regions if we look at Table 9. This table shows that every single region in the South has a higher share of industry in its economy than the old imperialist centers, Western Europe, Northern America and Japan.

Table 8: Share of Output by Sector in Developed and Developing Countries 1990–2005 (in %) ⁸⁷

	<i>Developed Countries</i>			<i>Developing Countries</i>		
	<i>Agriculture</i>	<i>Industry</i>	<i>Service</i>	<i>Agriculture</i>	<i>Industry</i>	<i>Service</i>
1990	2.7%	31.8%	65.4%	14.9%	35.9%	49.2%
1995	2.2%	29.2%	68.6%	12.8%	35.9%	51.3%
2000	1.8%	26.9%	71.3%	10.8%	36.7%	52.5%
2005	1.6%	24.9%	73.5%	10.5%	37.8%	51.7%

Table 9: Share of Economic Sectors of GDP in various World Regions 2008 (in %) ⁸⁸

	<i>Agriculture</i>	<i>Industry</i>	<i>Service</i>
World	4.0%	30.1%	65.9%
Africa	16.5%	40.7%	42.8%
Latin Amerika	6.1%	34.2%	59.7%
East Asia	9.3%	43.7%	47.1%
South Asia	17.5%	31.0%	58.3%
South-East Asia	11.9%	41.8%	46.3%
Eastern Europe and ex USSR	6.1%	36.4%	57.5%
USA	1.1%	21.9%	77.1%
Japan	1.4%	28.8%	69.7%
Western Europe	1.8%	27.1%	71.1%
Oceania	3.1%	28.2%	68.7%
Middle East	4.8%	49.7%	45.5%
North Afrika	12.7%	46.0%	41.2%

⁸⁷ Bill Dunn: Global Political Economy - A Marxist Critique, London 2009, p. 229

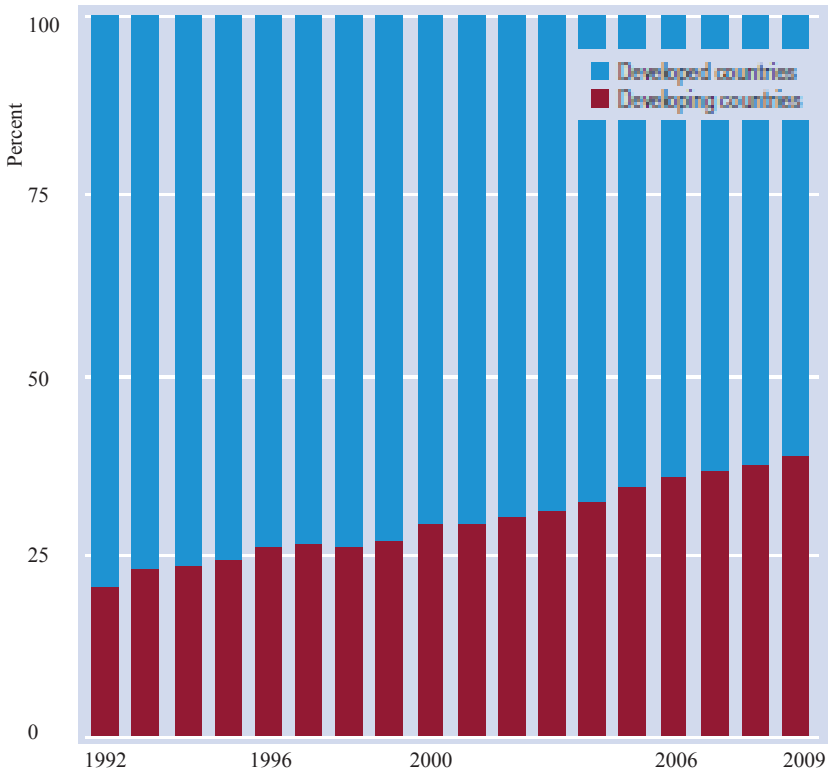
⁸⁸ UNCTAD: Handbook of Statistics 2010, pp. 444-446.

Table 10: Developing and Developed Countries' Share of Global Manufacturing Value added by Industry Sector, Selected Years, 1995–2009 (in %) ⁸⁹

<i>International Standard Industrial Classification</i>	<i>Developing Countries</i>		<i>Developed Countries</i>	
	<i>1995</i>	<i>2009</i>	<i>1995</i>	<i>2009</i>
Food and beverages	30.6%	47.9%	69.4%	52.1%
Tobacco products	55.2%	80.1%	44.8%	19.9%
Textiles	43.1%	74.7%	56.9%	25.3%
Wearing apparel and fur	29.7%	71.6%	70.3%	29.4%
Leather, leather products & footwear	40.5%	77.2%	59.5%	22.8%
Wood products (excluding furniture)	18.8%	33.7%	81.2%	66.3%
Paper and paper products	16.6%	34.6%	83.4%	65.4%
Printing and publishing	10.5%	17.9%	89.5%	82.1%
Coke, refined petroleum products, nuclear fuel	42.9%	57.9%	57.1%	42.1%
Chemicals and chemical products	23.9%	43%	76.1%	57%
Rubber and plastics products	24.6%	46.7%	75.4%	53.3%
Non-metallic mineral products	32.1%	53.7%	67.9%	46.3%
Basic metals	29%	63.2%	71%	36.8%
Fabricated metal products	15.9%	29.8%	84.1%	70.2%
Machinery and equipment	15.3%	30.3%	84.7%	69.7%
Office, accounting and computing machinery	21.8%	21.7%	78.2%	78.9%
Electrical machinery and apparatus	19.6%	46.6%	7.6%	53.4%
Radio, television and communication equipment	19.9%	18.5%	80.1%	81.5%
Medical, precision and optical instruments	11.8%	23.1%	88.2%	76.9%
Motor vehicles, trailers and semitrailers	15.9%	30.5%	84.1%	69.5%
Other transport equipment	19.8%	39.9%	80.2%	60.1%
Furniture; manufacturing not elsewhere classified	16.8%	34.6%	83.2%	65.4%

⁸⁹ UNIDO: Industrial Development Report 2011, p. 146

Figure 13: Developed and Developing Countries' Share of World Manufactured Exports, 1992–2009⁹⁰



If we look closer at the various sectors of industrial commodities we can see the rise of the South's economies too. Table 10 gives an overview about 22 different categories of industrial commodities and shows the growing share of the South from 1995 through 2009 in nearly each of these sectors. The table shows that in 2009 out of these 22 different categories the South produced less than 1/3 of the world production in only 7. And in 7 categories of industrial commodities the South produced even more than the half of the world production.

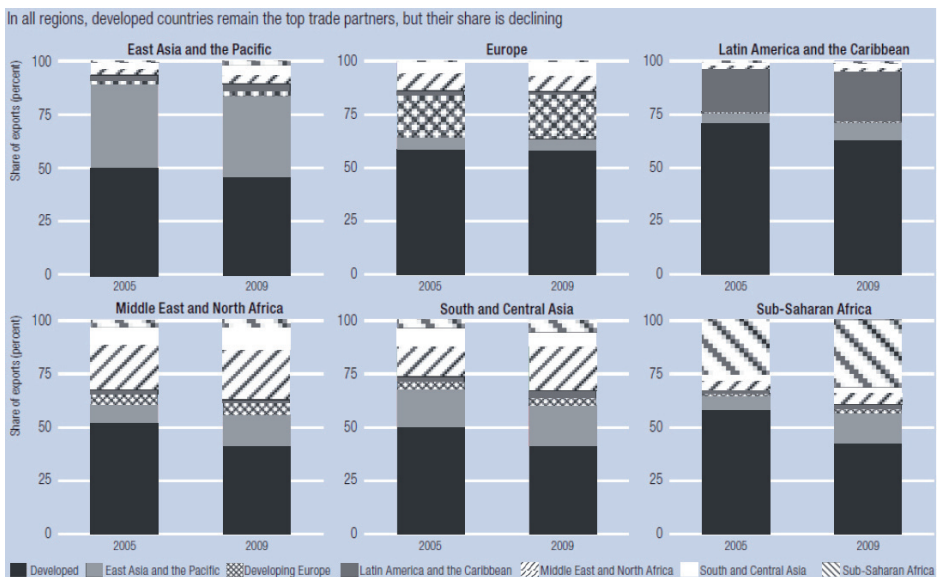
This shift to the South is also reflected in its increasing share of world manufacturing exports as Figure 13 shows. Between the years 1992 and 2009 the so-called developing countries share in manufacturing exports doubled from 20.4% to 39%.

At the same time, the share of manufacturing exports coming from the old imperialist countries (the "Developed Countries") has declined in a number of regions in the South as Figure 14 shows.

⁹⁰ UNIDO: Industrial Development Report 2011, p. 155

The parallel process to the industrialization of the South is the increasing relative decline of the value production in the old imperialist heartlands. This is particularly visible if we look at Britain, the oldest capitalist country. In 1965 it had 8.8 million workers in manufacturing. In 1978 this was down to 7.3 million industrial workers which represented 32% of all employed. In the mid-1990s this had declined even more to only 3.8 million or 18% of the workforce. At the same time British monopoly capital undertook huge overseas investments. From a capital export of £26 billion, it received 36% of its total profit in 1990.⁹¹ In 2005, net earnings from Britain's international investment rose already to £29.8 billion.⁹²

Figure 14: Manufactured Exports Markets by Region, 2005 and 2009⁹³



⁹¹ Harpal Brar: *Imperialismus im 21. Jahrhundert*, Köln 2001, p. 156f.

⁹² David Yaffe: *Britain - Parasitic and decaying capitalism*, in: FRFI 194 December 2006/January 2007, p.7, <http://www.revolutionarycommunist.org/index.php/britain/1042-britain-parasitic-and-decaying-capitalism-frfi-194-dec-2006-jan-2007>. While we do not share several of his ultra-left political conclusions, one has to recognize that David Yaffe has undertaken for many years an important work to deepen the Marxist analysis of British imperialism and its super-exploitation of the semi-colonial world.

⁹³ UNIDO: *Industrial Development Report 2011*, p. 159

The Marxist Classics on the Industrialization of the South

These developments confirm the prognosis of the Marxist classics which predicted that imperialism's parasitism and drive to capital export will accelerate the industrialization of the semi-colonial world. One of the main misunderstandings of Lenin's theory is the idea that the Marxists deny the possibility of industrialisation of the (semi)colonial world. Only a few years ago Chris Harman, who was one of the main theoreticians of the SWP/IST, still claimed that Lenin was proved wrong because export of capital to the colonies did allegedly not lead to their industrial development:

*"But there was one big problem with Lenin's theory when it came to the colonial world. 'Imperialism: The Highest Stage of Capitalism' held that the export of capital to the colonies would lead to their industrial development."*⁹⁴

As we have shown above with a number of statistics and facts this argument of the SWP/IST against Lenin's theory is nothing else but a bizarre denial of reality! Of course, it is an obvious fact that imperialist domination hindered the development of an industry in the oppressed countries. But imperialist domination of the colonial world did not and does not mean that industrialisation cannot take place in the colonial and semi-colonial world. Quite the opposite! Capital export of the imperialist monopoly capital necessarily leads to an industrialisation of the less developed countries. And indeed, this is what we have seen in the past decades. In fact, Lenin himself already foresaw this development. In an article from 1916 *"The Military Programme of the Proletarian Revolution"* he pointed out that imperialism leads to a rapid development of capitalist production relations in the colonial and semi-colonial world:

*"One of the main features of imperialism is that it accelerates capitalist development in the most backward countries, and thereby extends and intensifies the struggle against national oppression. That is a fact, and from it inevitably follows that imperialism must often give rise to national wars."*⁹⁵

And in his classic book on imperialism Lenin observed:

*"The export of capital influences and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world."*⁹⁶

Trotsky who lived 16 years longer than Lenin could see the concrete development of this industrialization of the South. He observed that imperialist USA and Britain are forced to finance the industrialization of the colonial countries in order to gain higher profits:

"On the other hand we can see too that the same America and the same Britain are

⁹⁴ Chris Harman (SWP): *Analysing Imperialism* (Summer 2003), p. 20

⁹⁵ V. I. Lenin: *The Military Programme of the Proletarian Revolution*; in: LCW Vol. 23, p. 78

⁹⁶ V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916); in: LCW Vol. 22, p. 243

compelled to finance the economic development of the colonial countries thereby driving them along the path of revolution at a frantic rate.”⁹⁷

Trotsky developed this idea in his Critique of the centrist draft program for the Communist International’s congress in 1928. The draft program was written by Bukharin but published in his and Stalin’s name:

“In contrast to the economic systems which preceded it, capitalism inherently and constantly aims at economic expansion, at the penetration of new territories, the surmounting of economic differences, the conversion of self-sufficient provincial and national economies into a system of financial interrelationships. Thereby it brings about their rapprochement and equalizes the economic and cultural levels of the most progressive and the most backward countries. Without this main process, it would be impossible to conceive of the relative leveling out, first, of Europe with Great Britain, and then, of America with Europe; the industrialization of the colonies, the diminishing gap between India and Great Britain, and all the consequences arising from the enumerated processes upon which is based not only the program of the Communist International but also its very existence.

By drawing the countries economically closer to one another and leveling out their stages of development, capitalism, however, operates by methods of its own, that is to say, by anarchistic methods which constantly undermine its own work, set one country against another, and one branch of industry against another, developing some parts of world economy while hampering and throwing back the development of others. Only the correlation of these two fundamental tendencies -- both of which arise from the nature of capitalism -- explains to us the living texture of the historical process.

Imperialism, thanks to the universality, penetrability, and mobility and the break-neck speed of the formation of finance capital as the driving force of imperialism, lends vigor to both these tendencies. Imperialism links up incomparably more rapidly and more deeply the individual national and continental units into a single entity, bringing them into the closest and most vital dependence upon each other and rendering their economic methods, social forms, and levels of development more identical. At the same time, it attains this “goal” by such antagonistic methods, such tiger-leaps, and such raids upon backward countries and areas that the unification and leveling of world economy which it has effected, is upset by it even more violently and convulsively than in the preceding epochs. Only such a dialectical and not purely mechanical understanding of the law of uneven development can make possible the avoidance of the fundamental error which the draft program, submitted to the Sixth Congress, has failed to avoid.”⁹⁸

This process of capital export and industrialization of the South financed by monopoly capital demonstrates the validity of Trotsky’s theory of the uneven and combined development and the strategy of the permanent revolution. Expanding capitalism under the dominance of the imperialist powers

⁹⁷ Leo Trotzki: Aussichten und Aufgaben im Osten (1924); in: Leo Trotzki: Europa und Amerika (Zwei Reden), Berlin 1926, p. 111; in English: Leon Trotsky: Perspectives and Tasks in the East. Speech on the third anniversary of the Communist University for Toilers of the East (1924), <http://www.marxists.org/archive/trotsky/1924/04/perspectives.htm>

⁹⁸ Leon Trotsky: The Third International After Lenin (1928), New York 1970, pp. 19-20

increasingly unites all countries in a single world economy and at the same time increases the contradictions between them, i.e. between the imperialist and the (semi-)colonial countries.

However such industrialization takes place in a much distorted form, combining very advanced forms of technology with backward, small-enterprise forms. Marx made a remark in Capital Vol. III which anticipated such a development:

*“The disadvantages of the capitalist mode of production, with its dependence of the producer upon the money-price of his product, coincide here therefore with the disadvantages occasioned by the imperfect development of the capitalist mode of production.”*⁹⁹

As a result the general productivity of labor in semi-colonial countries is considerably behind the level of the imperialist economies. True, today a number of semi-colonial countries are exporting not only agricultural and raw material commodities but also industrial commodities. But they usually are substantially more labor-intensive and have less highly-technological input than the industrial commodities that are exported by the imperialist countries.

Trotsky explained this using the example of Britain and India:

*“If we take Britain and India as polarized varieties of the capitalist type, then we are obliged to say that the internationalism of the British and Indian proletariats does not at all rest on an identity of conditions, tasks and methods, but on their indivisible interdependence. Successes for the liberation movement in India presuppose a revolutionary movement in Britain and vice versa. Neither in India, nor in England is it possible to build an independent socialist society. Both of them will have to enter as parts into a higher whole. Upon this and only upon this rests the unshakable foundation of Marxist internationalism.”*¹⁰⁰

He elaborates this thought:

“Every backward country integrated with capitalism has passed through various stages of decreasing or increasing dependence upon the other capitalist countries, but in general the tendency of capitalist development is toward a colossal growth of world ties, which is expressed in the growing volume of foreign trade, including, of course, capital export. Britain’s dependence upon India naturally bears a qualitatively different character from India’s dependence upon Britain. But this difference is determined, at bottom, by the difference in the respective levels of development of their productive forces, and not at all by the degree of their economic self-sufficiency. India is a colony; Britain, a metropolis. But if Britain were subjected today to an economic blockade, it would perish sooner than would India under a similar blockade. This, by the way, is one of the convincing illustrations of the reality of world economy.

Capitalist development – not in the abstract formulas of the second volume of

⁹⁹ Karl Marx: Das Kapital, Band III; in: MEW 25, p. 820; in English: Karl Marx: Capital, Vol III; Chapter 47

¹⁰⁰ Leo Trotzki: Die permanente Revolution, in: Leo Trotzki: Ergebnisse und Perspektive. Die permanente Revolution; Frankfurt a. M., 1971, p. 11; in English: Leon Trotsky: The Permanent Revolution (emphasis in original)

*Capital, which retain all their significance as a stage in analysis, but in historical reality – took place and could only take place by a systematic expansion of its base. In the process of its development, and consequently in the struggle with its internal contradictions, every national capitalism turns in an ever-increasing degree to the reserves of the ‘external market,’ that is, the reserves of world economy. The uncontrollable expansion growing out of the permanent internal crises of capitalism constitutes a progressive force up to the time when it turns into a force fatal to capitalism.”*¹⁰¹

However the massive industrialization of the South did not lead to a mitigation of the massive antagonism between capital and labour and between the imperialist and the semi-colonial world. Reproduction of capital always also means reproduction of the production relations, i.e. the relations of exploitation, as the Bolshevik theoretician Nikolai Bukharin noted in 1920:

*“The process of reproduction is not only a process of the reproduction of the material elements of production, but a process of the reproduction of the production relations themselves.”*¹⁰²

And indeed, what we still see today – in essence not different from the times of Lenin and Trotsky – is a reproduction of the capitalist-imperialist production relations. We see the expanded reproduction of the world market dominated by the imperialist monopolies on a higher level with all its consequences for the operation of the law of value.

It is remarkable that Lenin – referring to the liberal critic of imperialism John A. Hobson – predicted already in 1916 such a development as we see it now. He quoted approving Hobson scenario of a world in which the colonial powers produce less and less and live more and more from their rent of the oppressed countries:

“The prospect of partitioning China elicited from Hobson the following economic appraisal: “The greater part of Western Europe might then assume the appearance and character already exhibited by tracts of country in the South of England, in the Riviera, and in the touristridden or residential parts of Italy and Switzerland, little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with a somewhat larger group of professional retainers and tradesmen and a larger body of personal servants and workers in the transport trade and in the final stages of production of the more perishable goods: all the main arterial industries would have disappeared, the staple foods and semi-manufactures flowing in as tribute from Asia and Africa. . . . We have foreshadowed the possibility of even a larger alliance of Western states, a European federation of Great Powers which, so far from forwarding the cause of world civilisation, might introduce the gigantic peril of a

¹⁰¹ Leo Trotzki: Die permanente Revolution, in: Leo Trotzki: Ergebnisse und Perspektive. Die permanente Revolution; Frankfurt a. M., 1971, p. 14; in English: Leon Trotsky: The Permanent Revolution (emphasis in original)

¹⁰² Nikolai Bucharin: Ökonomik der Transformationsperiode (1920), p. 69. In English: Nikolai Bukharin: Economics of the transition period (1920), (emphasis in original; our translation)

Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they supported great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy. Let those who would scout such a theory [he should have said: prospect] as undeserving of consideration examine the economic and social condition of districts in Southern England today which are already reduced to this condition, and reflect upon the vast extension of such a system which might be rendered feasible by the subjection of China to the economic control of similar groups of financiers, investors [rentiers] and political and business officials, draining the greatest potential reservoir of profit the world has ever known, in order to consume it in Europe. The situation is far too complex, the play of world forces far too incalculable, to render this or any other single interpretation of the future very probable; but the influences which govern the imperialism of Western Europe today are moving in this direction, and, unless counteracted or diverted, make towards such a consummation."

Hobson, the social-liberal, fails to see that this "counteraction" can be offered only by the revolutionary proletariat and only in the form of a social revolution. But then he is a social-liberal! Nevertheless, as early as 1902 he had an excellent insight into the meaning and significance of a "United States of Europe" (be it said for the benefit of Trotsky the Kautskyite!) and of all that is now being glossed over by the hypocritical Kautskyites of various countries, namely, that the opportunists (socialchauvinists) are working hand in glove with the imperialist bourgeoisie precisely towards creating an imperialist Europe on the backs of Asia and Africa, and that objectively the opportunists are a section of the petty bourgeoisie and of certain strata of the working class who have been bribed out of imperialist superprofits and converted into watchdogs of capitalism and corrupters of the labour movement."¹⁰³

The fact that today a substantially bigger share of the global capitalist value is created in the South does not mitigate the contradictions between the imperialist and the semi-colonial states. Quite the opposite, this development rather sharpens these contradictions. The imperialist monopolies and their states are still stronger and more powerful than the semi-colonies. But their basis for global power is undermined by the shift of the value production to the South. Therefore they must intervene in an increasingly intensified and more open way to continue the appropriation of a share of this value from the South. In fact this forms an important reason for the so-called "War on Terror" by the USA and other imperialist powers.

¹⁰³ V. I. Lenin: Imperialism and the Split in Socialism; in: LCW Vol. 23, pp. 109-110

Value and Price on the World Market: The Grand Distortion of the Value Creation in the South

We have shown the massive shift from the North towards the South in GDP and industrial production. We will see below that the shift on the level of workers – in other words the producers of wealth – is even stronger. However these figures still massively underestimate the real shift which has taken place. In reality the real value creation in the South is much bigger than the official figures suggest and the real value creation in the North is much smaller than the official figures suggest. As the Marxist economist John Smith has shown there are mainly three reasons for this.¹⁰⁴ First, the GDP is a figure which confuses real and fictional values. Industrial output and advertising, stock market, financial speculations, productive forces and destructive forces – all this is added together. Obviously the financial market doesn't produce any value but nevertheless helps to blow up the official GDP. Since the financial market is mainly based in the rich imperialist countries it is mainly the GDP numbers of the North which are artificially inflated and hence lower the share of the South in the World GDP in the official statistics.

Secondly, as we will see below, there is a massive swindle contained in the GDP figures since a substantial portion of the value created in the South is appropriated in the North via the market price on which the commodity is sold in the North. Therefore a substantial portion of the value created in the South appears in the official GDP figures as created in the North. To give only a few examples to explain the idea. Designer shirts produced in South East Asia are sold in Europe for 5-10 times their import price. Another example: Less than 2% of the total value of shirts produced in Bangladesh are received by the direct producers as wages. The profit by local companies is equivalent to about 1% of total value.

The labor of selling the T-Shirts in the North is hardly value-creation (it is unproductive albeit necessary labor). Nevertheless the costs for retail, advertising etc. in the North are much higher than the wages and the profit of the local producer in the South. The value created in the South is therefore not expressed in market prices in the South but in market prices in the North. In this way we see again how the official GDP in the North is inflated at the costs of the official GDP in the South.

Thirdly we have the massive super-exploitation of the workers in the South and the appropriation of extra profits by the monopoly capitalists in the North. Again these profits are often counted as part of the Northern GDP but in reality are produced by the workers in the South.

¹⁰⁴ See John Smith: *Imperialism and the Globalisation of Production*, Sheffield 2010, Chapter 7, <http://www.mediafire.com/?5r339mnn4zmubq7>

The increasing Importance of the Proletariat in the South and the Emerging Imperialist Countries

In the past decades we have witnessed world-wide a massive growth of global labor force. The Labor economist Richard Freeman estimates that over the last decade, the effective global labor supply has about doubled, from 1.46 to 2.93 billion.¹⁰⁵ Combined with this we witness a huge growth of the working class. As we can see in Table 11, today almost half of the global labor force – more precisely, 46.9% - are wage earners.¹⁰⁶ In 1996 the share was 43.1%.

As shown in this table, it is remarkable that (except the former Stalinist countries and Latin America) we see in all regions of so-called developing countries a rise of the share of wage laborers amongst the labor force. This rise is higher than the one in the so-called developed countries. In the “developed countries” we see a rise from 82.4% in 1996 to 84.3% in 2008. In Eastern Europe & ex-USSR there was a decline from 77.1% to 76.6% in the same period. In East Asia, there was a massive rise from 32.4% to 42.6%. In South-East Asia there is also a substantial increase from 33.0% to 38.8%. In South Asia again an increase from 17.1% to 20.8%; in Latin America a decline from 64.4% to 62.7%; in North Africa a rise from 54.4% to 58.3%, in the Middle East an increase from 58.5% to 61.5% and in Sub-Saharan Africa a rise from 20.6% to 22.9%.

Table 11: Wage laborer as a Share of all Employed by Regions, 1996 and 2008 (in %)¹⁰⁷

	1996	2008
World	43.1%	46.9%
Developed economies	82.4%	84.3%
Eastern Europe & ex-USSR	77.1%	76.6%
East Asia	32.4%	42.6%
South-East Asia	33.0%	38.8%
South Asia	17.1%	20.8%
Latin America	64.4%	62.7%
North Africa	54.4%	58.3%
Middle East	58.5%	61.5%
Sub-Saharan Africa	20.6%	22.9%

¹⁰⁵ Juliet Schor: Economic fallacies: is it time to work more, or less? In: Guardian, 10.1.2012 <http://www.guardian.co.uk/sustainable-business/economy-employee-working-hours>

¹⁰⁶ The category “labor force” includes all involved in economic activity, i.e. workers, peasants, self-employed, salaried middle class and capitalists.

¹⁰⁷ International Labour Office: World Social Security Report 2010/11. Providing coverage in times of crisis and beyond (2010), p. 28; International Labour Office: Global Wage Report 2008/09. Minimum wages and collective bargaining: Towards policy coherence, p. 10

Table 12: Female Wage Laborer as a Share of all Female Employed by Regions, 2008 (in %) ¹⁰⁸

	<i>Female wage laborer (as a share of all female employed)</i>
World	46.0%
Developed economies	87.5%
Eastern Europe & ex-USSR	78.0%
East Asia	53.5%
South-East Asia	14.6%
South Asia	14.6%
Latin America	65.8%
North Africa	56.7%
Middle East	53.5%
Sub-Saharan Africa	14.4%

In Table 12 we see that the integration of women in the labor process as wage laborers has also massively increased albeit there are of course regional differences due to the different stages of capitalist development marked.

The following Figure 15 gives an overview of the distribution of the global labor force by regions. It demonstrates not only the absolute growth of labor force but also the increasing weight of the so-called developing countries. Readers should bear in mind that the last column about the year 2025 is of course only a projection.

The material basis for this is the historic process of capitalism to undermine the basis for the small-scale agricultural production and by this to reduce the size of the peasantry. This process forms the basis for the increase of the proletariat – in industry and in other sectors. In Table 13 we can see that all over the world, the weight of the labor force has shifted from agriculture to industry and service sectors. In the rich imperialist countries – the EU-15, North America and Japan – the agricultural sector comprises since several decades only a very small proportion of the labor force. But even more important, outside of the rich imperialist metropolises – i.e. in the countries with the vast majority of the world's population – the share of the labor force employed in agriculture declined from between $\frac{2}{3}$ and $\frac{3}{4}$ (in 1950) to 40% (2008). Parallel to this we see a massive growth of the labor force in industry and the service sectors.

¹⁰⁸ International Labour Office: World Social Security Report 2010/11. Providing coverage in times of crisis and beyond (2010), p. 28

Figure 15: Distribution of the Global Labor Force by Regions (in million Workers), 1965–2025 ¹⁰⁹

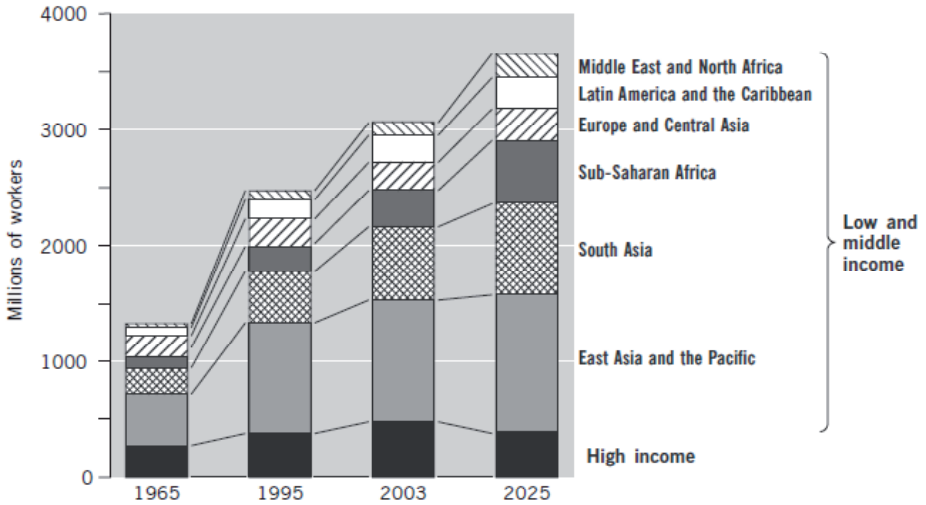


Table 13: Share of all Labor Force in Economic Sectors in Regions, 1950, 1977 and 2008 (in %) ¹¹⁰

	<i>Agriculture</i>			<i>Industry</i>			<i>Service</i>		
	1950	1977	2008	1950	1977	2008	1950	1977	2008
Countries with low income	78%	73%	40.7%	8%	11%	21.6%	14%	16%	37.8%
Countries with middle income	65%	46%	-	14%	22%	-	21%	32%	-
Countries with high income	25%	7%	3.7%	36%	38%	23.4%	39%	55%	72.8%

¹⁰⁹ Peter Dicken: Global Shift. Mapping The Changing Contours Of The World Economy (Sixth Edition), The Guilford Press, New York 2011, pp. 493

¹¹⁰ World Bank: World Development Report 1979, p. 46 and pp. 162-163; International Labour Office: Global Employment Trends 2011: The challenge of a jobs recovery (2011), p. 68 and our own calculations. The category “Countries with high income” includes semi-colonial EU states. For the year 2008 the regions „Countries with low income“ and „Countries with middle income“ are combined.

This massive growth of the global working class was mostly due to the growth of the proletariat outside of the old imperialist metropolises. The process of industrialization has necessarily led to a massive shift of the weight of the proletariat from the imperialist metropolises towards the poorer countries. A hundred years ago – at the time of Lenin and Trotsky – the proletariat in the colonial and semi-colonial world was still quite small. Capitalist industrialization outside of Europe, North America and Japan had taken place only to a relatively small degree. As we have shown at the beginning of this chapter this has changed dramatically in recent decades.

As a result, the centre of gravity of both the workforce in general as well as that of the proletariat in particular is increasingly moving into the semi-colonial and emerging imperialist countries (like China and Russia today). Table 14 shows the evolution in the last 45 years: in 1965 a fifth of all labor force lived in the imperialist metropolises, now it is less than 14%.

Table 14: Share of all Labor Force in different Regions in the years 1965, 1995 and 2008/09 (in %) ¹¹¹

	<i>Labour force (in percent)</i>		
	<i>1965</i>	<i>1995</i>	<i>2008/09</i>
World	100%	100%	100%
Developed economies	20%	15%	13.9%
Eastern Europe & ex-USSR	14%	10%	6.7%
South and East Asia	51%	57%	57.5
Latin America	5%	6%	8.4%
North Africa and Middle East	2%	3%	4.3
Sub-Saharan Africa	8%	9%	9.8%

Table 15: Growth of the Working Class in the Semi-Colonial World (in millions) ¹¹²

<i>Asia</i>		<i>Latin America</i>		<i>Africa</i>	
<i>1960</i>	<i>1980</i>	<i>1960</i>	<i>1980</i>	<i>1960</i>	<i>1980</i>
93	145	36	67	16	38

¹¹¹ World Bank: World Development Report 1995, p. 9, International Labour Office: Global Employment Trends 2011, p. 68; Directorate-General for Economic and Financial Affairs of the European Commission: Labour market and wage developments in 2009; in: EUROPEAN ECONOMY Nr. 5/2010, p. 188ff. and our own calculations. The category “Developed economies” excludes Eastern and South-Eastern European states as well as Malta and Cyprus. These countries are part of the category “Eastern Europe & ex-USSR”.

¹¹² Autorenkollektiv: Handbuch Entwicklungsländer. Sozioökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 160

The shift in the world working class towards the South has been much more significant. As one can see in Table 15 the working class in Asia, Africa and Latin America grew in the years 1960-1980 by 66-100%.

Since then the growth of the working class in the South has accelerated. As a result the huge majority of the world working class today lives outside the old imperialist metropolises. This is clearly demonstrated by the following tables and Figures. Table 16 shows the increase of the wage earners living in the so-called developing countries from 65.9% (1995) to 72.4% (2008/09).

Table 16: Distribution of Wage Laborers in different Regions, 1995 and 2008/09 ¹¹³

	<i>Wage earners (in percent)</i>	
	<i>1995</i>	<i>2008/09</i>
World	100%	100%
Countries with low and middle income	65.9%	72.4%
Countries with high income	34.1%	27.6%
Countries with high income (without semi-colonial EU-States)	-	25%
Countries with low and middle income (including semi-colonial EU-States)	-	75%

Table 17: Distribution of Labor Force in Industry in different Regions, 2008/09 ¹¹⁴

<i>Labor force in Industry (in Millions)</i>	<i>Distribution of industrial Labor force</i>	
World	666.4	100%
Developed economies	109.8	16.5%
Eastern Europe & ex-USSR	39.5	5.9%
East Asia	226.0	33.9%
South-East Asia	49.9	7.5%
South Asia	122.2	18.3%
Latin America	56.1	8.4%
North Africa	14.9	2.2%
Middle East	16.4	2.4%
Sub-Saharan Africa	31.7	4.8%

¹¹³ World Bank: World Development Report 1995, p. 9, International Labour Office: Global Employment Trends 2011, p. 68; Directorate-General for Economic and Financial Affairs of the European Commission: Labour market and wage developments in 2009; in: EUROPEAN ECONOMY Nr. 5/2010, pp. 188-190 and our own calculations. The category "Developed economies" excludes Eastern and South-Eastern European states and Malta and Cyprus.

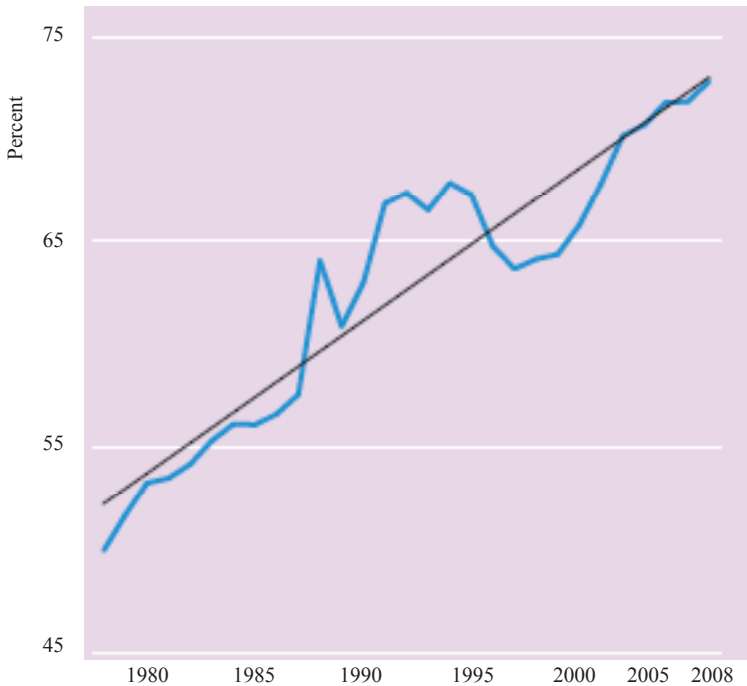
¹¹⁴ Sources: International Labour Office: Global Employment Trends 2011, p. 68 and our own calculations

If one excludes the semi-colonial EU states the figure for 2008/09 is even higher (75%). In other words: $\frac{3}{4}$ of the wage laborers live and work in the semi-colonial and emerging imperialist countries.

This shift is also visible if we look to the core sector of the working class – the industrial workers. In Table 17 we can see that in the year 2008/09 83.5% - or more than 556 million – of all industrial employed (most of them are workers) lived outside the old imperialist metropolises. In these old imperialist countries “only” 16.5% - or 110 million – of all industrial employed lived in 2008/09.

The next two Figures 16 and 17 confirm this development by showing the increase of manufacturing workers living in the South from about 50% (1980) to about 73% (2008). In addition one has to bear in mind that in the year 1950 only 34% of the global industrial workers were living in the South.¹¹⁵ The numbers for manufacturing employment and industrial employment in the statistics given here are not identical since manufacturing includes all industrial labour force except those employed in the mining and the building sectors.

Figure 16: Developing Countries’ Share in World Manufacturing Employment, 1980–2008¹¹⁶



¹¹⁵ John Smith: *Offshoring, Outsourcing & the 'Global Labour Arbitrage'* (2008), Paper to IIPPE 2008 – Procida, Italy 9-11 September 2008, p. 5

¹¹⁶ UNIDO: *Industrial Development Report 2011*, p. 150

Figure 17: Global Industrial Labor Force in Developed and Developing Countries, 1950–2005 ¹¹⁷

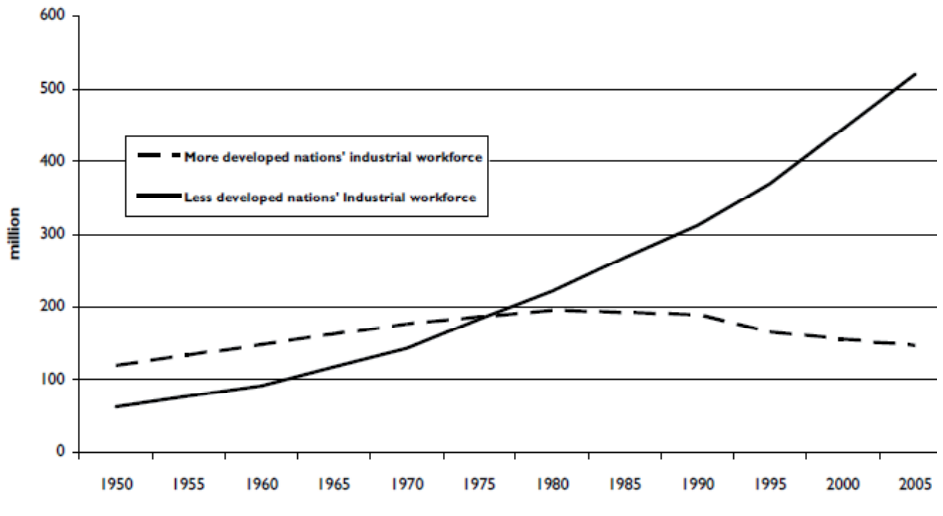
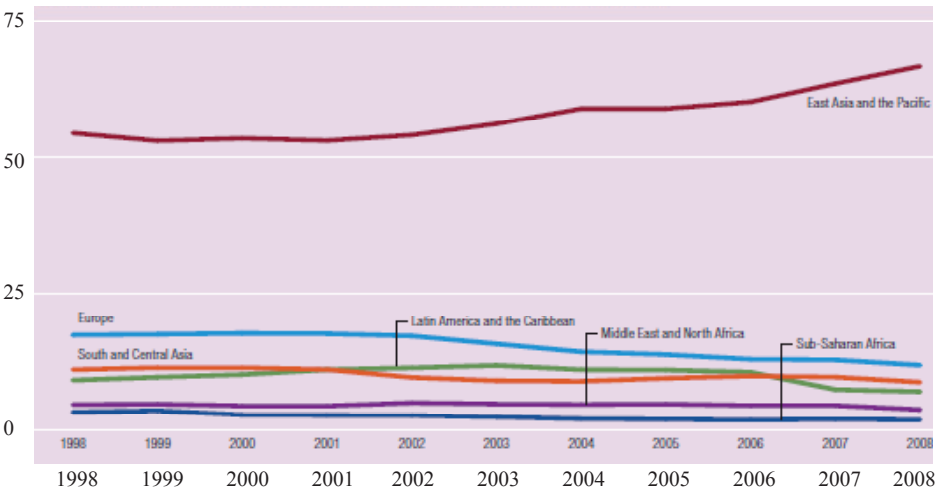


Figure 18: Share of Manufacturing Employment in Developing Countries, 1998–2008 ¹¹⁸



¹¹⁷ John Smith: What's new about "New Imperialism" (2007), S. 8

¹¹⁸ UNIDO: Industrial Development Report 2011, S. 150

Table 18: Share of Manufacturing Employment for Developing and Developed Countries, by Industry Sector, selected Periods over 1993–2008 (in %) ¹¹⁹

<i>International Standard Industrial Classification</i>	<i>Developing Countries</i>		<i>Developed Countries</i>	
	<i>1993-2000</i>	<i>2001-2008</i>	<i>1993-2000</i>	<i>2001-2008</i>
Food and beverages	12.1%	12%	11%	12.5%
Tobacco products	1.1%	1%	0.2%	0.1%
Textiles	10.7%	9.4%	4.5%	3.2%
Wearing apparel and fur	7.1%	8.2%	3.9%	2.4%
Leather, leather products & footwear	0.8%	3.2%	1.2%	0.9%
Wood products (excluding furniture)	2.3%	2.5%	2.9%	3.1%
Paper and paper products	2.2%	2.5%	2.8%	2.7%
Printing and publishing	1.8%	1.8%	6%	5.6%
Coke, refined petroleum products, nuclear fuel	1.2%	1%	0.5%	0.5%
Chemicals and chemical products	8.2%	7.2%	5.6%	5.7%
Rubber and plastics products	3.8%	4.2%	5.3%	5.8%
Non-metallic mineral products	8.9%	6.6%	4.1%	4.1%
Basic metals	6.9%	6.4%	3.9%	3.6%
Fabricated metal products	4.1%	5.1%	9.2%	10.7%
Machinery and equipment	10.6%	8.2%	10.9%	10.8%
Office, accounting and computing machinery	0.2%	1%	1%	0.8%
Electrical machinery and apparatus	5.9%	4.6%	5.7%	4.8%
Radio, television and communication equipment	0.5%	3.4%	3.8%	4%
Medical, precision and optical instruments	1.4%	1.5%	3.2%	3.5%
Motor vehicles, trailers and semitrailers	6.1%	3.9%	7.3%	7.4%
Other transport equipment	0.4%	2%	2.4%	3%
Furniture; manufacturing not elsewhere classified	3.6%	4.4%	4.6%	4.8%
Recycling	0%	0.2%	0.1%	0.2%

¹¹⁹ UNIDO: Industrial Development Report 2011, S. 151

The following Figure 18 shows the geographical distribution of the manufacturing workers living in the South. One can see that the biggest proportion lives in East Asia and first and foremost China.

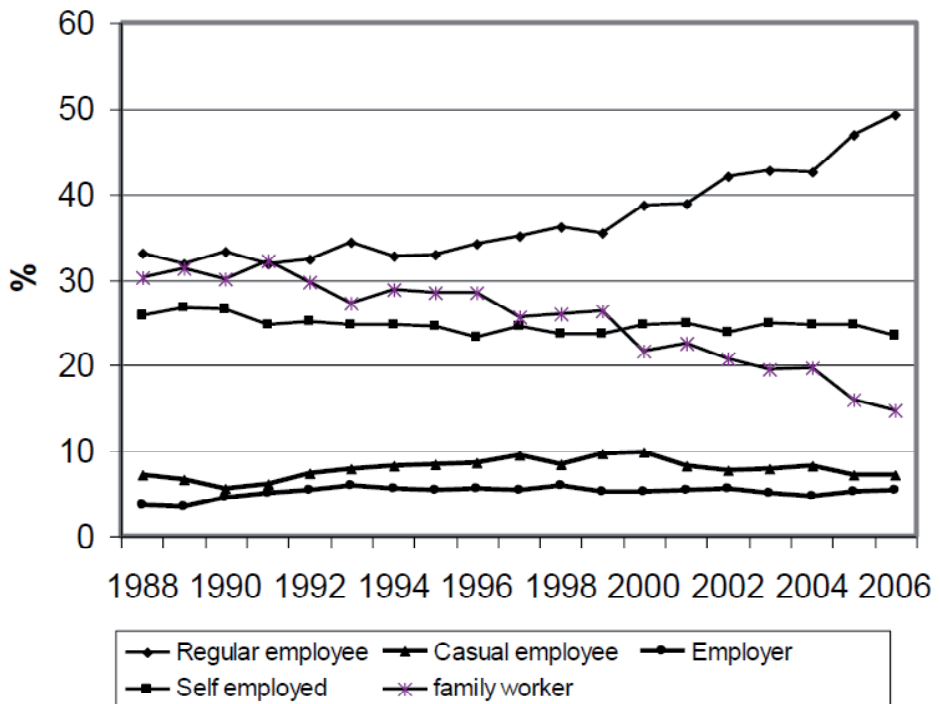
In the next Table 18 we detail the growth of the Southern part of the manufacturing world working class in the various sectors.

Finally we show in Figure 19 the rising weight of the working class in an important semi-colonial country, Turkey.

Figure 20 on the other hand demonstrates the shrinking weight of the industrial proletariat in the old imperialist countries.

The Monthly Review writers John Bellamy Foster, Robert W. McChesney, and R. Jamil Jonna are certainly correct when they observe: *“It is such superexploitation that lies behind much of the expansion of production in the global South”*¹²⁰

Figure 19: Employment Status in Turkey, 1988-2006¹²¹

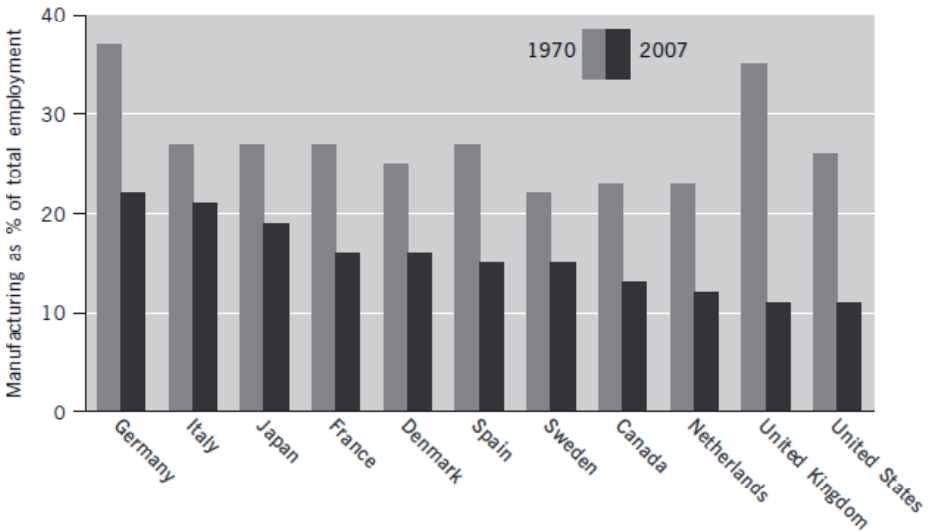


¹²⁰ John Bellamy Foster, Robert W. McChesney, and R. Jamil Jonna: The Global Reserve Army of Labor and the New Imperialism, in: Monthly Review Vol. 63, Issue 6 (November 2011) <http://monthlyreview.org/2011/11/01/the-global-reserve-army-of-labor-and-the-new-imperialism>

¹²¹ Firat Demir and Nilgun Erdem: Labor Market Performance after Structural Adjustment in Developing Countries: The Interesting But not so Unique Case of Turkey; in L.K. Valencia and B.J. Hahn (Eds.), Employment and Labor Issues: Unemployment, Youth Employment and Child Labor (Chapter 1). Nova Science Publishers, 2010, p. 46

In reality, the actual shift of the proletariat towards the semi-colonial and emerging imperialist countries is bigger than official statistics indicate. Why? Because, as noted above, the bourgeois category “wage earners” includes not only workers. Generally one can say that in the rich imperialist countries a considerable minority of wage earners are not part of the working class, but are part of the salaried middle class (supervisory personnel, police, lower-grade manager etc.).¹²² In the poorer countries of the salaried middle classes is much smaller.

Figure 20: The Declining Share of Manufacturing in Total Employment, 1970-2007¹²³



¹²² In opposite to the revisionist theories of the CWI and IMT, Marxists do not count members of the repressive state apparatus as parts of the working class. Trotsky was very clear on this issue: „The fact that the police was originally recruited in large numbers from among Social Democratic workers is absolutely meaningless. Consciousness is determined by environment even in this instance. The worker who becomes a policeman in the service of the capitalist state, is a bourgeois cop, not a worker. Of late years these policemen have had to do much more fighting with revolutionary workers than with Nazi students. Such training does not fail to leave its effects. And above all: every policeman knows that though governments may change, the police remain.“ (Leo Trotzki: Was nun? Schicksalsfragen des deutschen Proletariats (1932) in: Schriften über Deutschland, Band 1, p. 186; in English: Leon Trotsky: What Next? Vital Questions for the German Proletariat (January 1932), <http://marxists.architexturez.net/archive/trotsky/germany/1932-ger/next01.htm#s1>)

¹²³ Peter Dicken: Global Shift. Mapping The Changing Contours Of The World Economy (Sixth Edition), The Guilford Press, New York 2011, p. 495

Moreover, we have to take into account the labor aristocracy. This layer is the uppermost part of the working class (e.g. certain parts of the highly-paid skilled workers, etc.). It is the sector of the proletariat which is bribed by the bourgeoisie with various privileges. This layer represents a much bigger sector of the working class in the imperialist countries than in the semi-colonial proletariat. The reason for this is located in the bribery based on the extra profits which are achieved by the monopoly capitalists mainly through the exploitation of the semi-colonial countries. Monopoly capital uses parts of this extra profit to gain the support of sectors of the working class at home, i.e. in the imperialist countries. This is where they need stability first and foremost. Hence the labor aristocracy is a much smaller sector of the proletariat in the semi-colonial world.

In addition the proletariat in the poorer countries is larger in size than the actual numbers in the official statistics indicate. A considerable part of the workers in these countries are formally accounted not as wage earners, but as formally self-employed due to the large informal sector. However, in fact, they are part of the working class. A researcher, who is linked to the trade union movement, observed, in a study about the workers movement in Africa, the massive increase of casualization: *“One of the key experiences of African workers during the current globalisation process is the increasing polarisation in employment conditions and a growing differentiation in the workforce. As companies opted for increased “flexibility” in their production process as part of their strategy to stay competitive, African workers lost their full-time permanent jobs and became victims of the “casualisation” of labour. They were forced to become part-time workers, seasonal workers, home workers, subcontracted workers or had to struggle for survival in the “informal sector”. (...) The global scenario of mass unemployment and mass poverty is no accident as it enables global corporations to depress wages globally.”*¹²⁴

In short, the proportion of semi-colonial countries and emerging imperialist China in the world working class could even be as high as 80%. We can therefore conclude that today the heart of the world proletariat is in the South and in particular in Asia (where 60% of the global industrial workforce is living).

That does not mean that the proletariat in the old imperialist metropolises (i.e. in the relatively rich countries in Western Europe, North America and Japan) has become irrelevant. Nothing could be more wrong than such an assumption. The proletariat of Western Europe, North America and Japan continues to play a central role in the international class struggle. But it is essential for revolutionary communists to recognize the increased importance of the semi-colonial countries in Asia, Latin America, the Middle East and Africa as well as of emerging imperialist China. In other words, the process of the World Revolution is not one which is in the first line focused on and decided in the old imperialist countries. Rather the proletariat in the semi-colonial world and emerging imperialist China will play a decisive role. The

¹²⁴ Herbert Jauch: Globalisation and Labour, p. 8

Arab revolution underlines our thesis of the increasing importance of the semi-colonial proletariat.

The RCIT summarized the consequences of these important changes in the composition of the world working class in our programme "*The Revolutionary Communist Manifesto*". We Bolshevik-Communists emphasized that the workers international organizations must pay particular attention to the South. The huge weight of the Southern proletariat must be reflected in their massive participation not only in the workers international organizations but also in their leaderships. The questions of particular importance for the Southern working class – the super-exploitation, national liberation struggles against imperialism etc. – must take a central place in the organizations' propagandistic and practical work.¹²⁵

It follows that the struggle for political and organizational independence of the working class focuses particularly on the broad mass of the working class – i.e. its lower and middle layers. This means that the workers' organizations - trade unions, youth and women's organizations and in particular the revolutionary international organization – must reflect the changing composition of the proletariat. In other words, to meet the growing significance of the proletarians of the poorer countries, of women, migrants, etc. the workers' organizations must strive to attract and organize them and also to represent them in their own ranks and leadership structures. The future revolutionary communist world party therefore has a strong semi-colonial, young, female, migrant face or it fails in its task. Its members know the value of these layers and show a lot of respect towards them.

¹²⁵ See on this Revolutionary Communist International Tendency (RCIT): *The Revolutionary Communist Manifesto*, published in 2012, pp. 28-30; online on the RCIT website at www.thecommunists.net/rcit-manifesto

Chapter 5: Rising Exploitation, Super-Exploitation and the Lowering the Value of Labour Force

In the past decades, which were marked by stagnation and decline of capitalism, we have seen a vicious offensive of the capitalist class against the global working class on all continents. Both in the rich imperialist countries and in the poorer, semi-colonial countries the capitalists increased the rate of exploitation – this means that they obtained a higher profit by increasing the rate of surplus value (i.e. the proportion of non-paid labor time appropriated by the capitalist in relation to the paid labor time received by the workers in the form of wages).

Marx and the Depressing the Wages below the Value of the Labor Force

Marx explained already in *Capital* Vol. III the importance of increasing the rate of exploitation of the workers as a tool to counter the tendency of the rate of profit to fall. In Chapter XIV he mentions six important means for the capitalists: i) “Increase in the degree of exploitation of labour”, ii) “Depression of wages below their value (i.e. the value of labour power)”, iii) “Cheapening of elements of constant capital”, iv) “Relative over-population”, v) “Foreign trade” and vi) “The increase in share capital”.¹²⁶

Given the context of this book we will not deal here with the cheapening of elements of constant capital and the increase in share capital. The role of foreign trade is very important for the capitalists and will be dealt with below. The increase in the degree of exploitation of labour, the forcing of wages below their value and the relative over-population, all directly affect the wage and the working condition of the proletariat.

The increase in the degree of exploitation of labour by the capitalists takes place either by prolonging the working day (increase in absolute surplus value) or by intensification of labour (increase in relative surplus value). In the brutal reality of capitalism today both forms are used by the capitalists to raise their surplus value. We see this by a constant rising of productivity above the general growth of the output and by the growth of over-time work (often unpaid).

Another important way is the growth of the relative over-population. Through rationalization – made possible by the increase in labour productivity – capital is constantly ‘releasing’ labour, i.e. making them unemployed, and thus increasing the relative over-population (industrial reserve army). This

¹²⁶ See Karl Marx: *Das Kapital*, Band III, MEW 25, pp. 242-250; in English: Karl Marx: *Capital* Vol. III, Chapter XIV (Counteracting Influences)

industrial reserve army increases the competition among proletarians. Through the existence of a host of unemployed, the availability of cheaper labour power (previously women and children, today migrants and government job-scheme workers) forces wages down. We will later deal in detail with the increasing role of migrants from the semi-colonial world who are living as super-exploited workers in the imperialist countries.

We shall make a somewhat more detailed remark on the role of forcing wages below the value of labour power. This means that capital tries to depress wages below the value of the commodity labour power, i.e. below the costs of its reproduction. Interestingly Marx dealt with this issue in a seemingly contradictory way. He wrote only a few remarks in his works on political economy on this question. At the same time he characterised this law in *Capital* Vol. III as “one of the most important factors checking the tendency of the rate of profit to fall.” He explained in the same place the reasons for the lack of attention he gave to this factor with the following argument: “This is mentioned here only empirically, since, like many other things which might be enumerated, it has nothing to do with the general analysis of capital, but belongs in an analysis of competition, which is not presented in this work.”¹²⁷

However he elaborated a bit more on the depression of the wages below the value of the labor force in his *Economic Manuscript of 1861-63*:

“The value of labour capacity can therefore be resolved into the values of the means of subsistence required for the worker to maintain himself as a worker, to live as a worker, and to procreate. These values for their part can be resolved into the particular amount of labour time needed, the quantity of labour expended, in order to create means of subsistence or the use values necessary for the maintenance and propagation of labour capacity. (...)

Naturally, the means of subsistence needed by the worker to live as a worker differ from one country to another and from one level of civilisation to another. Natural needs themselves, e.g. the need for nourishment, clothing, housing, heating, are greater or smaller according to climatic differences. Similarly, since the extent of the so-called primary requirements for life and the manner of their satisfaction depend to a large degree on the level of civilisation of the society, are themselves the product of history, the necessary means of subsistence in one country or epoch include things not included in another. The range of these necessary means of subsistence is, however, given in a

¹²⁷ See Karl Marx: *Das Kapital*, Band III, MEW 25, p. 244; in English: Karl Marx: *Capital* Vol. III, Chapter XIV (Counteracting Influences). See on this also his remark in *Capital* Vol. I: “This result, however, would be obtained only by lowering the wages of the labourer below the value of his labour-power. With the four shillings and sixpence which he produces in nine hours, he commands one-tenth less of the necessities of life than before, and consequently the proper reproduction of his labour-power is crippled. The surplus labour would in this case be prolonged only by an overstepping of its normal limits; its domain would be extended only by a usurpation of part of the domain of necessary labour-time. Despite the important part which this method plays in actual practice, we are excluded from considering it in this place, by our assumption, that all commodities, including labour-power, are bought and sold at their full value.” (Karl Marx: *Das Kapital*, Band 1; in: MEW 23, pp. 332-333.; in English: Karl Marx: *Capital*, Vol. I, Chapter 12)

particular country and a particular period.

Even the level of the value of labour rises or falls when one compares different epochs of the bourgeois period in the same country. Finally, the market price of labour capacity at one time rises above and at another falls below the level of its value. This applies to labour capacity as to all other commodities, and is a matter of indifference here, where we are proceeding from the presupposition that commodities are exchanged as equivalents or realise their value in circulation. (This value of commodities in general, just like the value of labour capacity, is represented in reality as their average price, arrived at by the mutual compensation of the alternately falling and rising market prices, with the result that the value of the commodities is realised, made manifest, in these fluctuations of the market price itself.) The problem of these movements in the level of the workers' needs, as also that of the rise and fall of the market price of labour capacity above or below this level, do not belong here, where the general capital-relation is to be developed, but in the doctrine of the wages of labour. It will be seen in the further course of this investigation that whether one assumes the level of workers' needs to be higher or lower is completely irrelevant to the end result. The only thing of importance is that it should be viewed as given, determinate. All questions relating to it as not a given but a variable magnitude belong to the investigation of wage labour in particular and do not touch its general relationship to capital. (...)

If a lower-grade commodity is put in the place of a higher and more valuable one, which formed the Worker's main means of subsistence, e.g. if corn, wheat, replaces meat, or potatoes are put in the place of wheat and rye, the level of the value of labour capacity naturally falls, because the level of its needs has been pushed down. In our investigation, however, we shall everywhere assume that the amount and quality of the means of subsistence, and therefore also the extent of needs, at a given level of civilisation is never pushed down, because this investigation of the rise and fall of the level itself (particularly its artificial lowering) does not alter anything in the consideration of the general relationship."¹²⁸

In *Capital* Vol. I, Marx mentions the rising unemployment as a major factor for depressing the wages below the value of the labor force:

"That portion of the working-class, thus by machinery rendered superfluous, i.e., no longer immediately necessary for the self-expansion of capital, either goes to the wall in the unequal contest of the old handicrafts and manufactures with machinery, or else floods all the more easily accessible branches of industry, swamps the labour-market, and sinks the price of labour-power below its value."¹²⁹

How did Marx assess the value of the commodity labor power – i.e. the workers capacity to produce commodities? He said that the value is determined by the totality of average labor time which is necessary to produce the means

¹²⁸ See Karl Marx: *Ökonomisches Manuskript 1861-1863. Teil 1*, in: MEW 43, pp. 40-42; in English: Karl Marx: *Economic Manuscript of 1861-63, Chapter 1) Transformation of Money into Capital. The Valorisation Process*; in: MECW Volume 30, *Value of Labour Capacity. Minimum Salary Or Average Wage of Labour*, <http://marxists.org/archive/marx/works/1861/economic/ch14.htm>

¹²⁹ Karl Marx: *Das Kapital*, Band 1; in: MEW 23, p. 454; in English: Karl Marx: *Capital*, Vol. I, Chapter 15

for the maintenance of the workers (including the next generation, i.e. his or her children as future workers). Thus he wrote in *Capital* Vol. I:

*“We must now examine more closely this peculiar commodity, labour-power. Like all others it has a value. How is that value determined? The value of labour-power is determined, as in the case of every other commodity, by the labour-time necessary for the production, and consequently also the reproduction, of this special article. So far as it has value, it represents no more than a definite quantity of the average labour of society incorporated in it. Labour-power exists only as a capacity, or power of the living individual. Its production consequently pre-supposes his existence. Given the individual, the production of labour-power consists in his reproduction of himself or his maintenance. For his maintenance he requires a given quantity of the means of subsistence. Therefore the labour-time requisite for the production of labour-power reduces itself to that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer. Labour-power, however, becomes a reality only by its exercise; it sets itself in action only by working. But thereby a definite quantity of human muscle, nerve, brain, &c., is wasted, and these require to be restored. This increased expenditure demands a larger income. If the owner of labour-power works to-day, to-morrow he must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel, and housing, vary according to the climatic and other physical conditions of his country. On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed. In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known.”*¹³⁰

We already see here that Marx differentiated between the physical minimum on one hand and the historical or moral element of the value of the laborer on the other hand. He elaborated this concept in *Value, Price and Profit*, a lecture from 1865:

“But there are some peculiar features which distinguish the value of the labouring power, or the value of labour, from the values of all other commodities. The value of the labouring power is formed by two elements -- the one merely physical, the other historical or social. Its ultimate limit is determined by the physical element, that is to say, to maintain and reproduce itself, to perpetuate its physical existence, the working class must receive the necessaries absolutely indispensable for living and multiplying.

¹³⁰ Karl Marx: *Das Kapital*, Band 1; in: MEW 23, p. 185; in English: Karl Marx: *Capital*, Vol. I, Chapter 6

The value of those indispensable necessities forms, therefore, the ultimate limit of the value of labour. On the other hand, the length of the working day is also limited by ultimate, although very elastic boundaries. Its ultimate limit is given by the physical force of the labouring man. If the daily exhaustion of his vital forces exceeds a certain degree, it cannot be exerted anew, day by day.

However, as I said, this limit is very elastic. A quick succession of unhealthy and short-lived generations will keep the labour market as well supplied as a series of vigorous and long-lived generations. Besides this mere physical element, the value of labour is in every country determined by a traditional standard of life. It is not mere physical life, but it is the satisfaction of certain wants springing from the social conditions in which people are placed and reared up. The English standard of life may be reduced to the Irish standard; the standard of life of a German peasant to that of a Livonian peasant. The important part which historical tradition and social habitude play in this respect, you may learn from Mr. Thornton's work on over-population, where he shows that the average wages in different agricultural districts of England still nowadays differ more or less according to the more or less favourable circumstances under which the districts have emerged from the state of serfdom.

This historical or social element, entering into the value of labour, may be expanded, or contracted, or altogether extinguished, so that nothing remains but the physical limit. During the time of the anti-Jacobin war, undertaken, as the incorrigible tax-eater and sinecurist, old George Rose, used to say, to save the comforts of our holy religion from the inroads of the French infidels, the honest English farmers, so tenderly handled in a former chapter of ours, depressed the wages of the agricultural labourers even beneath that mere physical minimum, but made up by Poor Laws the remainder necessary for the physical perpetuation of the race. This was a glorious way to convert the wages labourer into a slave, and Shakespeare's proud yeoman into a pauper.

By comparing the standard wages or values of labour in different countries, and by comparing them in different historical epochs of the same country, you will find that the value of labour itself is not a fixed but a variable magnitude, even supposing the values of all other commodities to remain constant.

A similar comparison would prove that not only the market rates of profit change, but its average rates.

But as to profits, there exists no law which determines their minimum. We cannot say what is the ultimate limit of their decrease. And why cannot we fix that limit? Because, although we can fix the minimum of wages, we cannot fix their maximum.

We can only say that, the limits of the working day being given, the maximum of profit corresponds to the physical minimum of wages; and that wages being given, the maximum of profit corresponds to such a prolongation of the working day as is compatible with the physical forces of the labourer. The maximum of profit is therefore limited by the physical minimum of wages and the physical maximum of the working day. It is evident that between the two limits of the maximum rate of profit and immense scale of variations is possible. The fixation of its actual degree is only settled by the continuous struggle between capital and labour, the capitalist constantly tending to

*reduce wages to their physical minimum, and to extend the working day to its physical maximum, while the working man constantly presses in the opposite direction. The matter resolves itself into a question of the respective powers of the combatants.”*¹³¹

Marx emphasized that the value of the labor force is not simply a reflection of the productivity of a given society. While the level of productivity certainly is an important factor, the relation of class forces and the struggle between them is even more important. Therefore Marx polemicized against those who suggested a direct linkage between the wages and productivity:

*“In an ‘Essay on the Rate of Wages’, one of his first economic writings, H. Carey tries to prove that the wages of the different nations are directly proportional to the degree of productiveness of the national working days, in order to draw from this international relation the conclusion that wages everywhere rise and fall in proportion to the productiveness of labour. The whole of our analysis of the production of surplus value shows the absurdity of this conclusion, even if Carey himself had proved his premises instead of, after his usual uncritical and superficial fashion, shuffling to and from a confused mass of statistical materials.”*¹³²

The Marxist economist John Smith and his co-thinker Andy Higginbottom have emphasized in their recent works that this factor – the depression of the wages below the value of the labor force – has constantly been underestimated by most Marxists. They stress that, in fact, the depression of wages below their value has been a major factor for the capitalists to raise their profits and, in particular, to increase the super-exploitation in the South. We think that they are correct to integrate the depression of the wages below the value of the labor force as a major factor to understand the present state of imperialism and the increasing misery of the proletariat around the globe and particularly in the South.¹³³

Indeed Marx himself already pointed out that the exploitation of the labor forces in the South are an important counteracting influence against the declining rate of profit because of their lower costs of reproduction:

*“As concerns capitals invested in colonies, etc., on the other hand, they may yield higher rates of profit for the simple reason that the rate of profit is higher there due to backward development, and likewise the exploitation of labour, because of the use of slaves, coolies, etc.”*¹³⁴

This brings us to the impoverishment of the working class associated with capitalist exploitation. It is well known that Marx differentiated between the

¹³¹ Karl Marx: Lohn, Preis und Profit; in: MEW 16, pp. 147-149; in English: Karl Marx: Value, Price and Profit, Chapter 14 (emphasis in original)

¹³² Karl Marx: Das Kapital, Band I; in: MEW 23, p. 587; in English: Karl Marx: Capital, Vol. I, Chapter 22

¹³³ See: John Smith: Imperialism and the Globalisation of Production; John Smith: Imperialism and the Law of Value (2011), in: Global Discourse [Online], 2: I, available from: <http://global-discourse.com/contents>

¹³⁴ Karl Marx: Das Kapital, Band III, MEW 25, pp. 247-248; in English: Karl Marx: Capital, Vol. III, Chapter 14, Counteracting Influences (our emphasis)

relative impoverishment and the absolute impoverishment of the proletariat. In this context it is important to understand that by 'proletariat' Marxists mean the *whole* class (i.e. not only the actively employed workers, but also the unemployed, proletarian youth, pensioners, etc). By *relative impoverishment* Marx understood the growing gulf between the wealth of capital and that of the worker. This does not exclude an increase in workers' income, but only means the increase will be slower than the growth in profits. He described relative impoverishment in his preparatory work for *Capital*, the *Grundrisse*:

*"It here becomes evident that labour itself progressively extends and gives an ever wider and fuller existence to the objective world of wealth as a power alien to labour, so that, relative to the values created or to the real conditions of value-creation, the penurious subjectivity of living labour capacity forms an ever more glaring contrast. The greater the extent to which labour objectifies itself, the greater becomes the objective world of values, which stands opposite it as alien — alien property."*¹³⁵

By *absolute impoverishment* Marx understood a drop in the material living conditions of the proletariat as a whole:

"The law by which a constantly increasing quantity of means of production, thanks to the advance in the productiveness of social labour, may be set in movement by a progressively diminishing expenditure of human power, this law, in a capitalist society — where the labourer does not employ the means of production, but the means of production employ the labourer — undergoes a complete inversion and is expressed thus: the higher the productiveness of labour, the greater is the pressure of the labourers on the means of employment, the more precarious, therefore, becomes their condition of existence, viz., the sale of their own labour-power for the increasing of another's wealth, or for the self-expansion of capital. The fact that the means of production, and the productiveness of labour, increase more rapidly than the productive population, expresses itself, therefore, capitalistically in the inverse form that the labouring population always increases more rapidly than the conditions under which capital can employ this increase for its own self-expansion. (...)

*The law, finally, that always equilibrates the relative surplus-population, or industrial reserve army, to the extent and energy of accumulation, this law rivets the labourer to capital more firmly than the wedges of Vulcan did Prometheus to the rock. It establishes an accumulation of misery, corresponding with accumulation of capital. Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital."*¹³⁶

An increase in relative impoverishment is most of the time a typical feature of the capitalist production and reproduction process. However, in periods of capitalist crisis, like the one we have witnessed since the 1970s, a process of absolute impoverishment also occurs. It is pretty obvious that that for the mass

¹³⁵ Karl Marx, *Grundrisse der Kritik der politischen Ökonomie*, in: MEW 42, p. 368; in English: Karl Marx: *Grundrisse. A Contribution to the Critique of Political*; Chapter 9.

¹³⁶ Karl Marx: *Das Kapital*, Band I, MEW 23, pp. 674-675; in English: *Capital*, Vol. I; Chapter 25

of workers and oppressed strata worldwide a process of *absolute impoverishment* is taking place. Of course, this is not the case in every single country, every single year and for every single layer of the class. But as a general, worldwide, process it is an indisputable fact.

Impoverishment and Précarisation of the World Working Class in the past Decades

As a result of all this, wages are stagnating or declining, unemployment is rising, precarious work conditions are massively spreading (casualization) etc. While this is true for the world working class, it is even truer for the Southern proletariat. In the RCIT programme "*The Revolutionary Communist Manifesto*" we have emphasized the worsening conditions of the working class in the South.¹³⁷

Official unemployment figures published by the ILO indicate a recent massive increase of unemployment. Before the crisis 170 million people were out of work worldwide (2007), this number grew in a short time to more than 197 million unemployed people (2011). However these figures are certainly a massive underestimation. According to these ILO statistics the unemployment rate in 2010 was 8.8% in the "Developed Countries", 9.5% in Eastern Europe and the ex-USSR, but only 4.3% in East Asia, 5.2% in South-East Asia, 3.9% in South Asia, 7.7% in Latin America, 10.1% in the Middle East, 9.6% in North Africa and 8.2% in Sub-Saharan Africa.¹³⁸

But in reality many unemployed are not officially counted in the semi-colonial countries. In reality there is a huge industrial reserve army in the South with hundreds of millions of unemployed and under-employed which depresses wages not only in the South itself but also adds to the pressure of the capitalists on the workers in the North. The US university professor Juliet Schor correctly observed recently in an article on the consequences of this huge industrial reserve army in the South:

*"Labour economist Richard Freeman estimates that over the last decade, the effective global labour supply has about doubled, from 1.46 to 2.93 billion. If people offer more hours to the market, wages fall and unemployment rises. Excess supply of labour also undermines investment and innovation, which accelerate when labour is scarce relative to capital."*¹³⁹

The German trade union researcher Herbert Jauch comes much closer to the truth when he puts the real number of workers affected by unemployment to one third of the global working class:

"Unemployment now affects nearly a third of the global workforce and the abundant

¹³⁷ RCIT: *The Revolutionary Communist Manifesto*, p. 38; www.thecommunists.net/rcit-manifesto.

¹³⁸ ILO: *Global Employment Trends 2012. Preventing a deeper jobs crisis*, p. 92

¹³⁹ Juliet Schor: *Economic fallacies: is it time to work more, or less?* In: *Guardian*, 10.1.2012 <http://www.guardian.co.uk/sustainable-business/economy-employee-working-hours>

*supply of cheap labour in the “Third World” and Eastern Europe contributes to depressing wages even in industrialised countries. Real wages in the low-wage countries are as much as 70 times lower than those paid in the US, Western Europe and Japan.”*¹⁴⁰

However even ILO statistics make clear that unemployment is particularly high amongst the proletarian youth. In 2010 the official unemployment figures for youth were 18.1% in the “Developed Countries”, 19.5% in Eastern Europe and the ex-USSR, 8.8% in East Asia, 13.6% in South-East Asia, 10.2% in South Asia, 14.6% in Latin America, 25.4% in the Middle East, 23% in North Africa and 12.8% in Sub-Saharan Africa.¹⁴¹

Those who still have jobs often have to work in highly insecure employment conditions and receive a small wage. In 2010 nearly half of all laborers worldwide are employed – according to official statistics (the actual rate is probably much higher) – in insecure employment conditions. However the much worse conditions of the Southern working class and poor becomes obvious when one sees the gap between the spread of insecure employment in the North and in the South. In the rich imperialist countries this affects 10% of all employed (if we use other definitions of insecure, this number would be higher). But in the rest of the world a much higher number of laborers are affected by insecure employment: in Eastern Europe and the former Soviet Union 20.9%, in the Middle East 29.8%, in Latin America 31.9%, in North Africa 37.7%, in East Asia 49.6%, in South-East Asia 62.3%, in South Asia 78.4% and in Sub-Saharan Africa 76.9%!¹⁴²

Figure 21 also shows that the share of employment in the informal sector increases, the poorer the countries are.

The Rise in the Rate of Exploitation

As a result of these trends we see a substantial decline of the wages, in parallel a rise in the profits and hence a massive rise in the rate of exploitation. Again, this is true for all continents, but in the South even more than in the North. This is reflected in the development of the labor, or wage shares, of national income. This category indicates the wages (which is a rough indicator for the working class income) as proportion of the total annual income of the workers, peasants, self-employed, middle class and capitalists. Before reproducing these figures we remind our readers to our remarks on the need to relativize the category of wage laborers since this includes, particularly in the North, the salaried middle class (and the top layer of the proletariat – the labor aristocracy). We will see later (in Chapter 9) that the wages of the salaried middle class and the labor aristocracy developed much better than the wages of the lower and middle

¹⁴⁰ Herbert Jauch: *Globalisation and Labour*, p. 3

¹⁴¹ ILO: *Global Employment Trends 2012*, p. 92

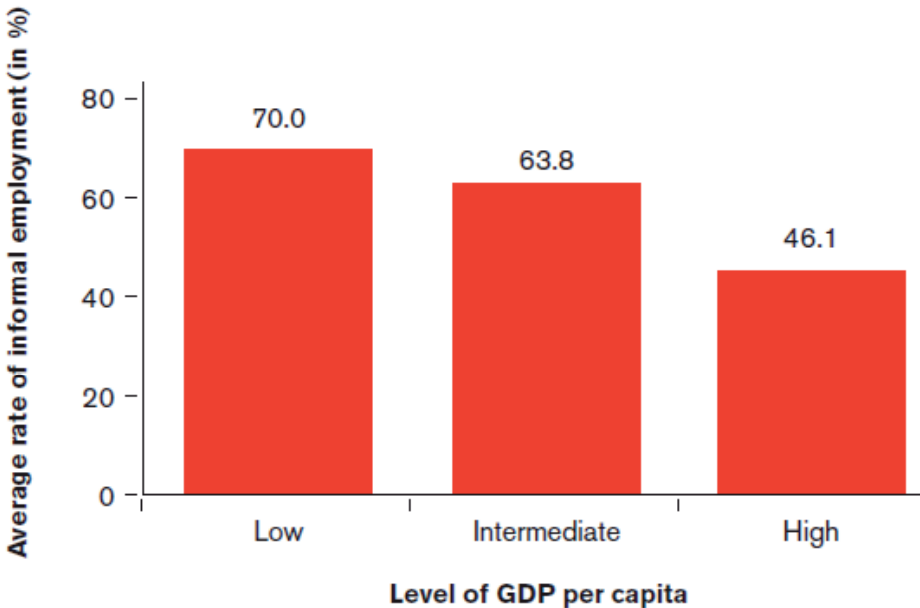
¹⁴² ILO: *Global Employment Trends 2012*, p. 100

strata of the proletariat. But the wages share, of course, reflects the added sum of all salaries and therefore does not reflect fully the income decline for the mass of the proletariat. In addition – as we will explain below – these figures do not give a full picture of the true rising rate of exploitation of the Southern workers but underestimates it.

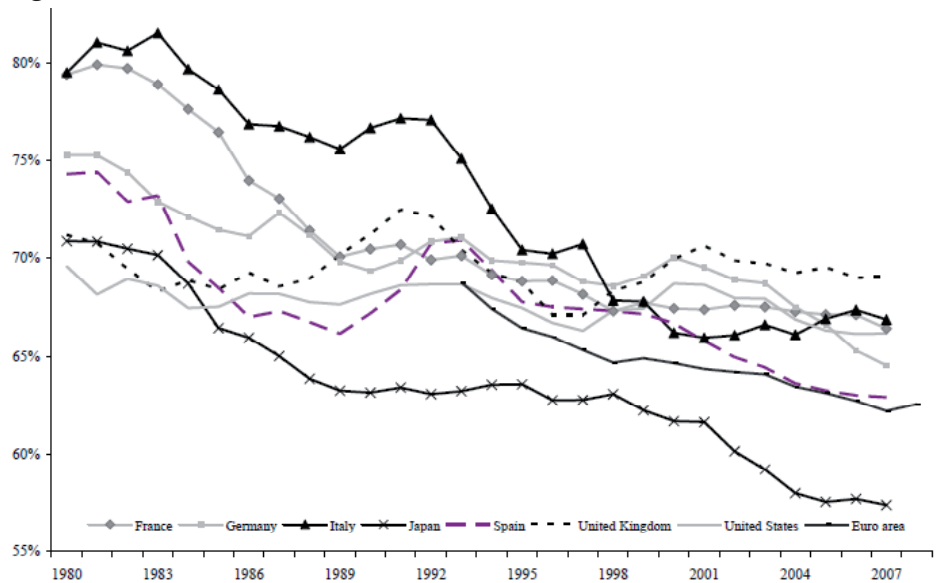
But let us first look to the development of the wage or labor share in various parts of the world. In the Figures 22 and 23 we show that since the early 1970s the labor share in the old imperialist countries has been in decline.

The lower strata of the working class in the imperialist countries have been particularly hard hit by the capitalist's offensive. These non-aristocratic layers, many of them unskilled workers, migrants and women, suffered a substantial depression of the value of their labor power, as the Marxist economist

Figure 21: Informal Employment (as Share of Total Employment) and the Degree of Economic Development ¹⁴³



¹⁴³ Marc Bacchetta, Ekkehard Ernst and Juana P. Bustamante: Globalization and Informal Jobs in Developing Countries. A joint study of the International Labour Office and the Secretariat of the World Trade Organization (2009), p. 34

Figure 22: Labor Share in OECD Countries, 1960-2000 ¹⁴⁴**Figure 23: Labor Income Shares in selected OECD Countries, 1980-2007** ¹⁴⁵

¹⁴⁴ Malte Lübker: Labour Shares (2007), ILO Policy Brief, p. 2

¹⁴⁵ Jean-Paul Fitoussi and Francesco Saraceno: Inequality And Macroeconomic Performance, (2010), OFCE/Sciences Po, p. 7

Guglielmo Carchedi shows in his latest book *Behind the Crisis*:

*“If the minimum-wage can be seen as a proxy for the value of de-skilled labour-power, Table 2 indicates a rise in that value only in the 1989–2000 period and a fall before and after that period. For the whole 1967–2005 period, the value of labour-power falls by 25.7%.”*¹⁴⁶

Various studies have shown clearly that the decline in labor share has been even worse in the South. Ann Harrison, who has published several studies and is an often quoted researcher on this issue, summarized her findings that the labor share has been fallen in the South since the 1960s. She calculates that the labor share fall by 0.1% a year (before 1993) and by 0.3% a year (from 1993 till the early 2000s). In the rich countries the wage share has risen from 1960 to 1993 by 0.2% and declined by 0.4% in the second period:

*“These means show that in poor countries, labor’s share fell on average by .1 percentage points per year prior to 1993. The decline in labor’s share was more rapid after 1993: labor’s share fell on average by .3 percentage points per year. In the rich countries, labor’s share grew by .2 percentage points prior to 1993 and fell by .4 percentage points per year after 1993. These means indicate a reversal in the trend for rich countries post-1993, while they indicate a persistent decline in labor’s share for poor countries during the entire period. (...) The results are unchanged if we compute average changes in labor shares weighted by population: while labor shares in poor countries fell, the share of labor’s income in GDP in the high income countries rose by almost 4 percentage points. If we redo the analysis with 1960 as the starting point, the trend is the same: labor shares for the high income countries rose on average during the thirty year period, while labor shares for the poorer countries fell.”*¹⁴⁷

Based on the figure of Harrison, John Smith has produced two interesting sets of data in which he details the development. (See Table 19) The second table differentiates between the various categories of the poorer and richer countries. Smith comments on the findings:

*“The most striking information is contained in the last line of Table 4.4b. It shows the difference in the average labour share of GDP between 1960–1993, on one hand, and 1993–1996 on the other: reporting that, for the poorest quintile, labour’s share of GDP between 1993 and 1996 was on average 4.5% lower than its average over the 1960–1993 period, in the second-poorest quintile it was 8.9% lower, and 2% higher in the richest quintile of nations. Harrison summed up the trends over the years between 1960 to 1996 to be ‘enormous declines in labor’s share in the poorest 20 percent of countries, and significant increases in labor’s share in the top 20 percent of all countries.’”*¹⁴⁸

¹⁴⁶ Guglielmo Carchedi: *Behind the Crisis*. Marx’s Dialectics of Value and Knowledge, Leiden 2011, p. 134

¹⁴⁷ Ann Harrison: *Has Globalization Eroded Labor’s Share? Some Cross-Country Evidence* (2005), University of California Berkeley, MPRA Paper No. 39649, pp. 18-19; Online at <http://mpra.ub.uni-muenchen.de/39649/>

¹⁴⁸ See John Smith: *Imperialism and the Globalisation of Production*, p. 171

Table 19: Changes of Labor's Share of GDP in Rich and Poor countries, 1960-1993 (in %) ¹⁴⁹

	Per capita GDP < global median	Per capita GDP > global median
Annual % change in labour's share 1960 – 1993	-0.1	0.2
Annual % change in labour's share 1993 – 1996	-0.3	-0.4
Change in average labour share, 1993 - 1996 vs. 1960 - 1993	-1.8	0.7

	Poorest 20%	Lower Middle 20%	Middle 20%	Upper Middle 20%	Richest 20%
Annual % change in labour's share, 1960-1993	-0.2	-0.1	-0.1	-0.04	0.4
Annual % change in labour's share, 1993-1996	-0.02	-2.2	-0.9	0.2	-0.6
Change in average labour share, 1993-1996 vs. 1960 - 1993	-4.5	-8.9	-3.2	-0.7	2.0

Table 20: Wages Growth and GDP Growth, 2001-2007 (in %) ¹⁵⁰

	Real per capita GDP growth	Real wage growth	Implicit annual decline in labour's share
'Advanced economies'	2.13%	0.9%	0.8%
'Developing Asia'	6.75%	1.8%	2.3%
Latin America and Caribbean	3.46%	0.3%	1.5%

¹⁴⁹ See John Smith: *Imperialism and the Globalisation of Production*, p. 171¹⁵⁰ See John Smith: *Imperialism and the Globalisation of Production*, p. 170

Smith also shows that the gap between the growth of the output and the growth of real wages was much bigger in Latin America and “Developing Asia” than in the old imperialist metropolises. (See Table 20) He summarizes his conclusion like this:

*“Yet, between 2001 and 2007, real wages in ‘developed countries’ grew by 0.9% per annum, by 0.3% in Latin America and the Caribbean and by 1.8% in Asia, while real GDP per capita during these years grew by 2.13% in ‘developed countries’, 3.46% in Latin America and the Caribbean, and 6.75% in ‘developing Asia’. As its last column shows, the discrepancy between real wage increases and increases in real GDP per capita implies that labour share in ‘advanced economies’ is declining by around a 0.8% per year, with a much larger annual decline of 2.3% in Asia and 1.5% in Latin America and the Caribbean.”*¹⁵¹

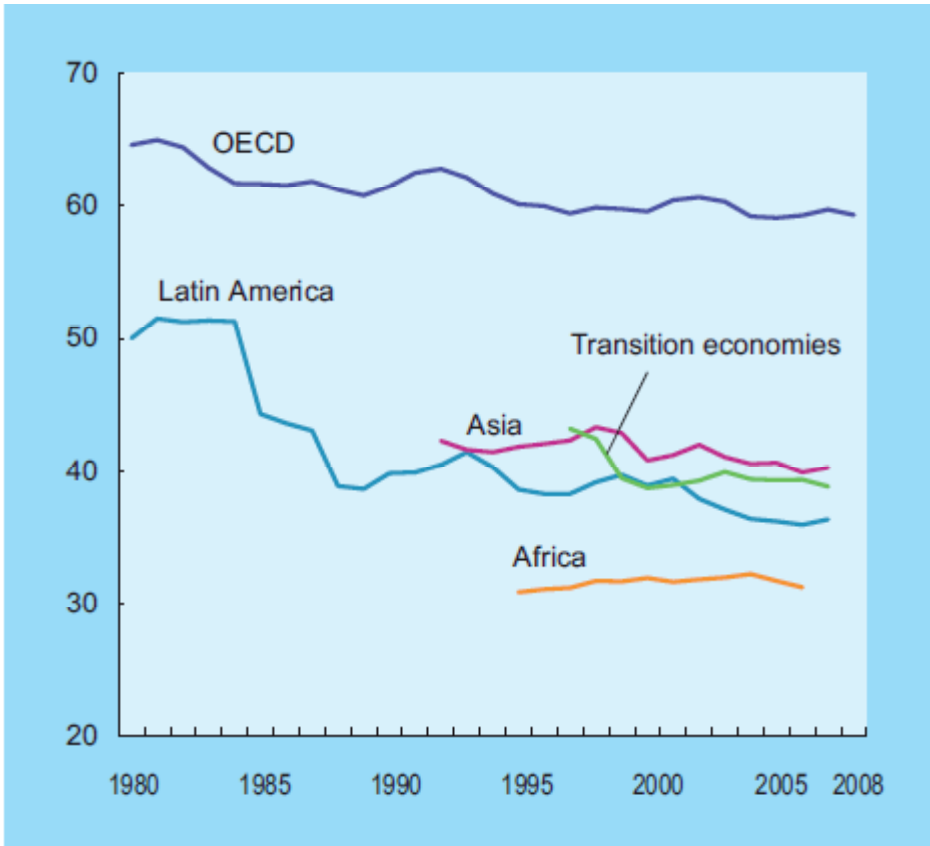
We see the same picture of decline in the following Figure 24 which gives an overview over the development of the wage share in different continents. We can see a decline in the wage share in the OECD countries from 65% of the national income to about 59% (1980-2008, in 1991 the share was about 63% and in 1995 it was about 60%), in Latin America it declined much sharper from 50% to 37% (1980-2008), in Asia from 43% in 1991 to about 41% in 2008, in the Ex-Stalinist states (“Transition countries”) from 43% to 41% (1996-2008) and in Africa it stagnated around 31% (1995-2008).

In the Figures 25 and 26 we see the development of the wage shares in manufacturing in important countries of the South – Turkey, Mexico and South Korea. As a side note we remark that the in South Korea the development of the wage share was different to Mexico and Turkey which can be mainly attributed to two factors: first the enormous class struggle militancy of the Korean proletariat (we refer to the armed uprising against the military dictatorship in Kwangju 1980, the mass battles which started to bring down the regime in 1987 and continued after this, the formation of the new militant trade union movement KCTU etc.). Secondly, one must not forget that the South Korean monopoly capital managed – because of the exceptional circumstances of systematic support by US imperialism, a nearly uninterrupted period of military dictatorships to super-exploit its working class from the late 1940s till 1987 – to develop into becoming an imperialist capital. Therefore it had the material space for certain compromises. We have dealt with this question in detail in another place.¹⁵²

¹⁵¹ See John Smith: Imperialism and the Globalisation of Production, pp. 169-170

¹⁵² See Michael Pröbsting: Der kapitalistische Aufholprozeß in Südkorea und Taiwan; in: Revolutionärer Marxismus Nr. 20 (1996). A shortened version of this article appeared as “*Capitalist Development on South Korea and Taiwan*” in: Trotskyist International No. 21 (1997), <http://www.fifthinternational.org/content/capitalist-development-south-korea-and-taiwan>. We have also dealt with the East Asian economy and class struggle in Michael Pröbsting: East Asia: Crisis spurs Revolution; in: Trotskyist International No. 25 (1999).

Figure 24: Share of Compensation of Employees in National Income, Selected Country Groups, 1980-2008 ¹⁵³



¹⁵³ UNCTAD: Trade and Development Report, 2010, p. 142. UNCTAD details the countries included in this statistics with the following footnote: "Unweighted averages. Data refer to net national income for OECD countries and to gross national income for other country groups. Latin America comprises: Argentina, Brazil, Chile, Colombia, Mexico and Peru; Asia comprises: Bahrain, China, Hong Kong (China), the Philippines and the Republic of Korea; Africa comprises: Egypt, Kenya, Mozambique, Namibia, Niger, Senegal, South Africa and Tunisia; Transition economies comprises: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, the former Yugoslav Republic of Macedonia, the Republic of Moldova, the Russian Federation, Serbia and Ukraine; OECD comprises: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States."

According to another study the wage share declined substantially in Africa from 37.1% of GDP in 1975, to about 30% in 1990.¹⁵⁴

In Table 21 we see the development of the wage share in a number of semi-colonial countries. Unfortunately it only covers the years 1975-1992 but as we have seen above the trend has worsened after 1992.

Table 21: Share of Wages as a Percentage of Value Added in Manufacturing, 1975-1992 (in %)¹⁵⁵

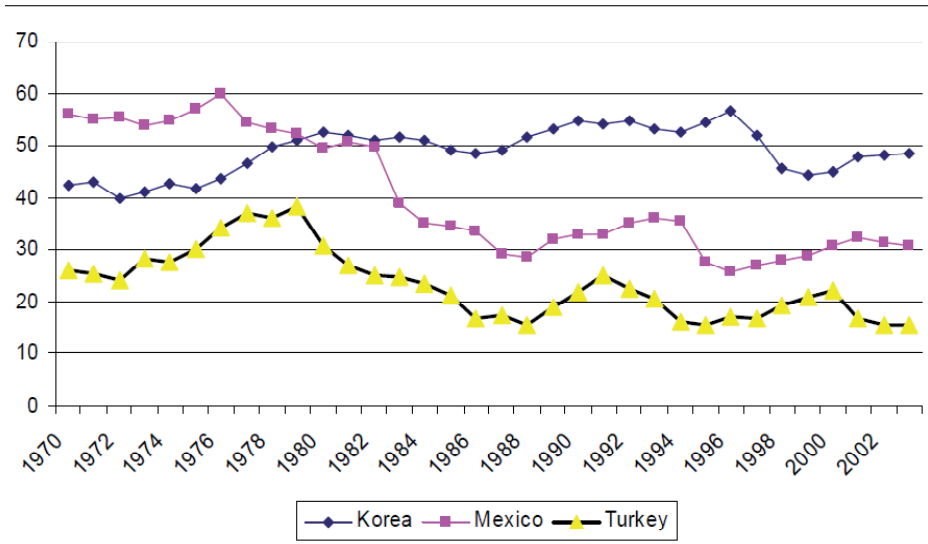
SHARE OF WAGES IN VALUE ADDED*			
	1975-80	1980-85	1985-92
Argentina	21.4	19.2	19.1
Brazil	20.6	22.1	20.6
Chile	16.4	17.9	15.4
Colombia	20.1	19.4	15.4
Mexico	36.7	27.8	19.6
Panama	29.8	31.7	35.7
Peru	15.2	17.7	16.0
Venezuela	27.2	28.5	22.2
India	48.2	49.0	45.2
Pakistan	23.5	19.6	19.9
Sri Lanka	29.5	23.8	17.2
Hong Kong	52.4	54.3	56.9
Republic of Korea	27.0	27.2	27.6
Singapore	32.5	34.1	31.4
Indonesia	19.7	18.7	21.1
Malaysia	26.5	29.4	27.5
Thailand	23.5	22.8	25.5
Philippines	22.3	23.4	23.3
Ghana	19.2	16.0	13.8
Kenya	41.1	44.2	42.6
Zambia	26.2	26.4	25.8
Zimbabwe	43.7	42.6	33.3
Egypt	53.5	59.4	41.5
Morocco	53.6	51.0	39.2
Tunisia	48.5	45.7	41.4
Turkey	34.6	24.8	19.2

¹⁵⁴ Ishac Diwan: Debt as Sweat: Labor, financial crises, and the globalization of capital, The World Bank 2001, p. 8

¹⁵⁵ Robert van der Hoeven: Labour market institutions and income inequality: What are the new insights after the Washington Consensus? (2000) United Nations University - World Institute for Development Economics Research (UNU-WIDER), p. 13

Figure 25: Wage Share of Value Added in Manufacturing Industry in South Korea, Mexico and Turkey, 1970-2003 ¹⁵⁶

Figure 1: Wage/Value added in Manufacturing Industry, % (1970-2003)



An even worse decline of the wage share can be seen in China. (See Figure 27) A group of economists from the Centre for Research in Socio-Cultural Change (CRESC) reported in a recently published study about the dramatic decline of the Chinese industrial workers wages in the country's manufacturing value added from 52.3% in 2002 to 26.2% in 2008:

"The Chinese manufacturing LSVA ratios are currently at an extraordinarily low level of 27.2% in 2007 and an estimated 26.2% in 2008 and are considerably lower than the 40-45% ratio of the Japanese or Koreans in the 1970s and 1980s. And this low share is the result of an unprecedented recent rapid expansion. The series shows China's LSVA has fallen from a ratio of 52.3% in 2002 to 26.2% in 2008, despite rising real labour costs per employee. As table 1 shows, China's average hourly wage in manufacturing more than doubles from \$0.72 per hour in 2002 to \$1.81 per hour in 2008. But the same exhibit demonstrates that, with numbers employed running steadily around 100 million + or - 10 million, the lump of VA produced by Chinese manufacturing more than trebles. Numbers employed actually fall as value added doubles in three years from 2005. VA per employee in Chinese manufacturing rises from a nominal 32,772m Yuán in 2002 to 143,506m Yuán by 2008." ¹⁵⁷

¹⁵⁶ Özlem Onaran: Labor's Share in Developing Countries in the Era of Globalization (2008), Wirtschaftsuniversität Wien & Istanbul Technical University, p. 5

¹⁵⁷ Julie Froud, Sukhdev Johal, Adam Leaver, Karel Williams: Apple Business Model.

Figure 26: Wage Share of Value Added in Manufacturing Industry in Turkey, 1970-2005 ¹⁵⁸

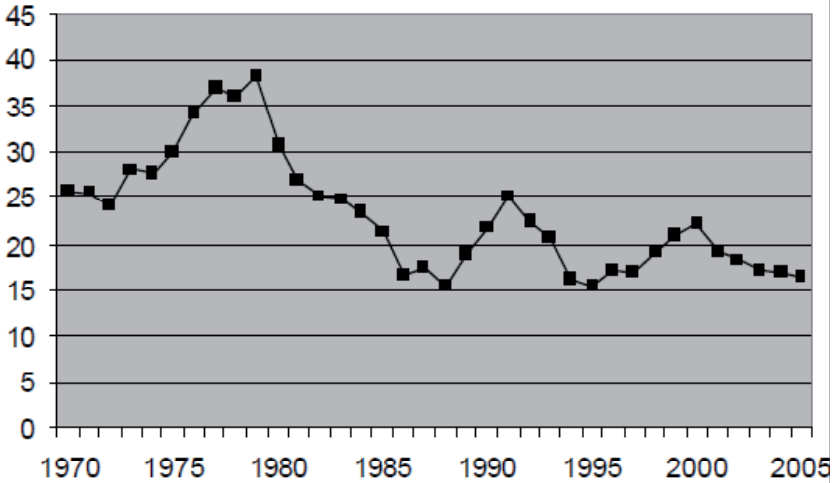
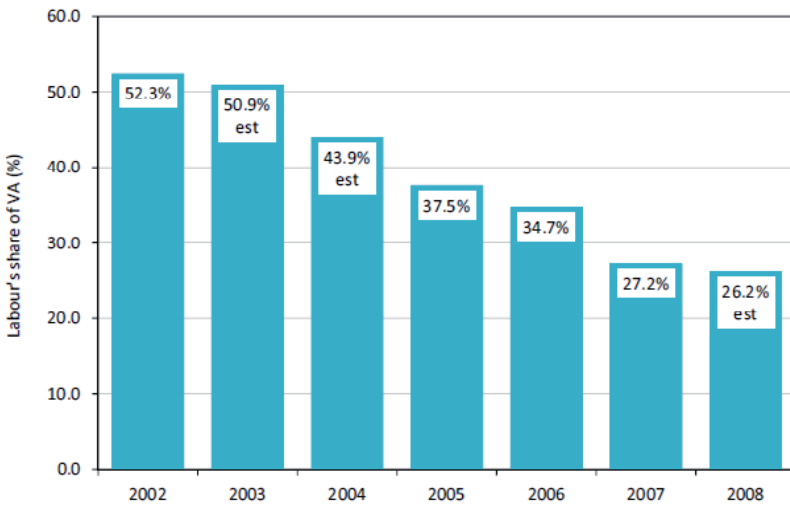


Figure 27: Chinese Manufacturing Labour's Share of Value Added, 2002-2008 ¹⁵⁹

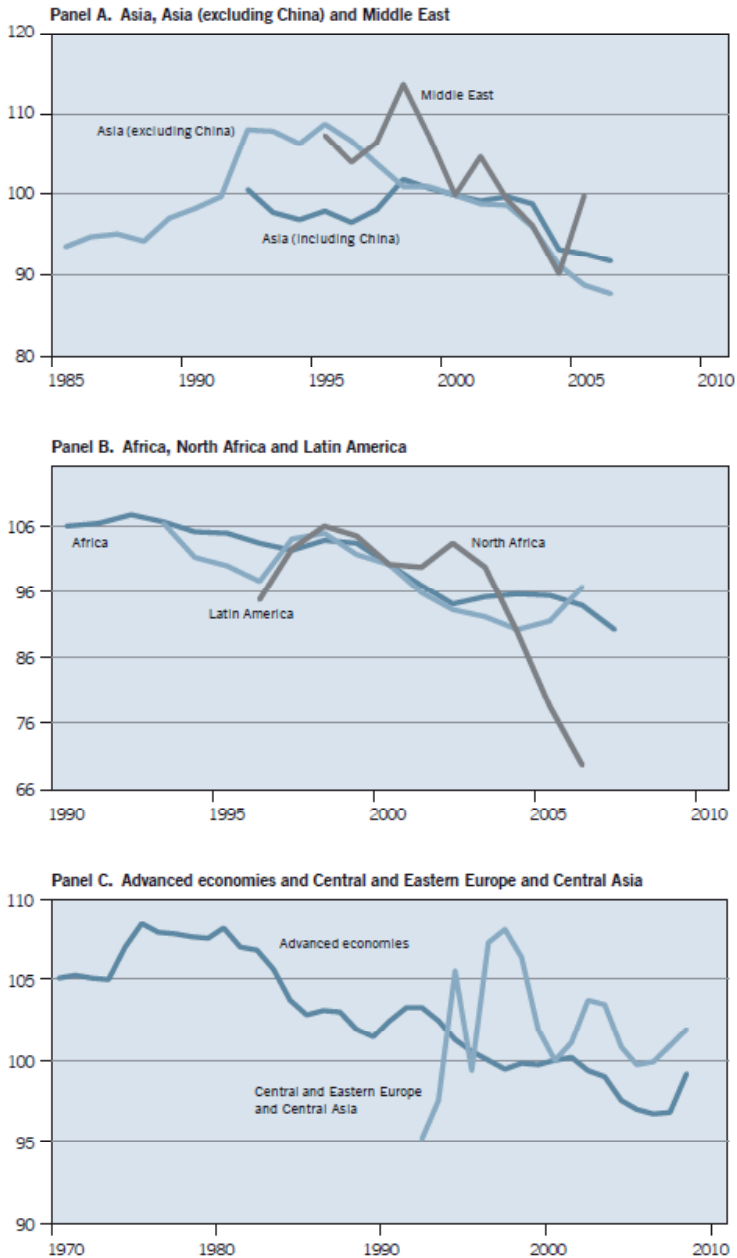


Financialization across the Pacific; CRESC Working Paper Series, Working Paper No.111, April 2012, pp. 13-14

¹⁵⁸ Özlem Onaran: Capital Flows, Turbulences, and Distribution: The Case of Turkey (2007), Istanbul Technical University, p. 26

¹⁵⁹ Julie Froud, Sukhdev Johal, Adam Leaver, Karel Williams: Apple Business Model, p. 14

Figure 28: Trends in Wage Shares in Regions, 1983-2009
(Index=100 in 2000) ¹⁶⁰



¹⁶⁰ ILO: World of Work Report 2011, p. 57

The same report shows that *“China has kept wages low: wages and salaries as a percentage of GDP fell from 57% in 1983 to just 37% by 2005 through to 2010 – one of the lowest in the capitalist world.”*¹⁶¹ According to John Smith even these figures seem to underestimate the real depression of wages in China:

*“There is good reason to believe that official Chinese data on real wages considerably exaggerate real wages and real wage growth in China, thus making the discrepancy between Chinese and US wages appear to be smaller than they actually are. The ILO’s Global Wage Report 2010-11 notes that official Chinese data largely reflects the situation in state-owned enterprises, and that wage growth (and, by implication, wage levels) is substantially lower in the private sector. Furthermore, in China as elsewhere, data on average wages and average wage growth obscures very sharp increases in wage inequality, in which rapid rises in the wages of the highest-paid workers (including the salaries paid to managers, etc) occurs simultaneously with stagnant or even falling wages for low-paid workers, appearing in the data as steady growth in average real wages.”*¹⁶²

Finally we want to present the findings of an ILO report published in 2011 which comes to similar conclusions as we do. The ILO analyzed the development of the wage share in 69 countries – both in the imperialist as well as the semi-colonial world. It comes to the following conclusion:

*“Since the early 1990s, the wage share declined in nearly three-quarters of the 69 countries with available information. The decline is generally more pronounced in emerging and developing countries than in advanced ones.”*¹⁶³

The ILO report shows that *“since 1994 the wage share in Asia has declined by roughly 20 percentage points. The pace of the decline accelerated in the past decade recent years, with the wage share falling more than 11 percentage points between 2002 and 2006. In China, the wage share declined by close to 10 percentage points since 2000. In African countries, the wage share has declined by 15 percentage points since 1990, with most of this decline – 10 percentage points – taking place since 2000. The decline is even more spectacular in North Africa, where the wage share fell by more than 30 percentage points since 2000.”* (See also Figure 28)

However, all these reports about the falling wage share only give a very incomplete picture about the rising of the capitalist exploitation of the working class. They do so because they are not presented in combination with the actual development of the size of the proletariat in a given country or region. In other words, they are not adjusted for the growth of the working class itself. Therefore we had a decline of the wage share in the OECD countries while we saw at the same time a moderate growth of the proportion of the wage laborers amongst all those employed. But in the South we saw either a stronger or moderate decline of the wage share while at the same time there was a *massive growth of the share of the wage laborers*. Therefore if we adjust the degree of wage share decline (as

¹⁶¹ Julie Froud, Sukhdev Johal, Adam Leaver, Karel Williams: *Apple Business Model*, p. 20

¹⁶² John Smith: *Imperialism and the Law of Value* (2011), p. 15

¹⁶³ ILO: *World of Work Report 2011*, p. 56

sharp or sharper in the South compared with the North) with the degree of the growth of the working class (much stronger in the South compared with the North), we come to the clear conclusion that the rate of exploitation increased substantially more in the South than in the North.

If we look again at the figures and tables presented above, we come to the following results. In the OECD countries we see a certain decline of the wage share from 1980 to 2008 while the figures available suggest a moderate increase of the share of wage laborers in this period. In Asia – where 60% of the global industrial working class lives ¹⁶⁴ - the figures available suggest a certain decline of the wage share in the 1990s and 2000s while at the same time there was a dramatic increase of the share of wage laborers in this period. In Latin America there was a dramatic decline of the wage share and a moderate decline of the share of wage laborers in this period. In the ex-Stalinist states (“Transition countries”) we saw a certain decline of both the wage share and the share of wage laborers. The figures for North Africa and the Middle East indicate a clear decline in the wage share and a clear rise in the share of wage laborers. And in Sub-Saharan Africa we saw first a decline and then stagnation of in the wage share and a rise of the share of wage laborers.

Therefore, all in all, we see indications which clearly show a rise in the rate of exploitation of the working class in the North and an even bigger rise in the rate of exploitation of the working class in the South. Indeed, these are also the finding of two progressive economists, Alexei Izyumov and John Vahaly. In a working paper published in 2011, they analyze the rate of surplus value – i.e. the relationship between the profits of the capitalists and the wages of the workers. They compare the development of this rate – which Marxists also call the rate of exploitation – for the years 1992-2008 between the imperialist countries, the old semi-colonies and the ex-Stalinist states in Eastern Europe and the former USSR (the so-called “Transition Economies”, where capitalism was restored in the early 1990s). They come to the conclusion that the rate of surplus value in the capitalist “Transition Economies” in the East is 1.5-2 higher than in the old imperialist countries. In the old semi-colonial countries the rate of exploitation is even higher compared with the so-called “Transition Economies”:

“It is based on estimates of the Marxian rate of surplus value (rate of exploitation), share of labor in national income and other indicators of labor income performance during the period of 1992-2008. We find the rate of surplus value in transition economies to be 1.5-2 higher than comparable estimates for “mature market economies” of Western Europe but lower than similar indicators for non-transition developing economies of the world.” ¹⁶⁵

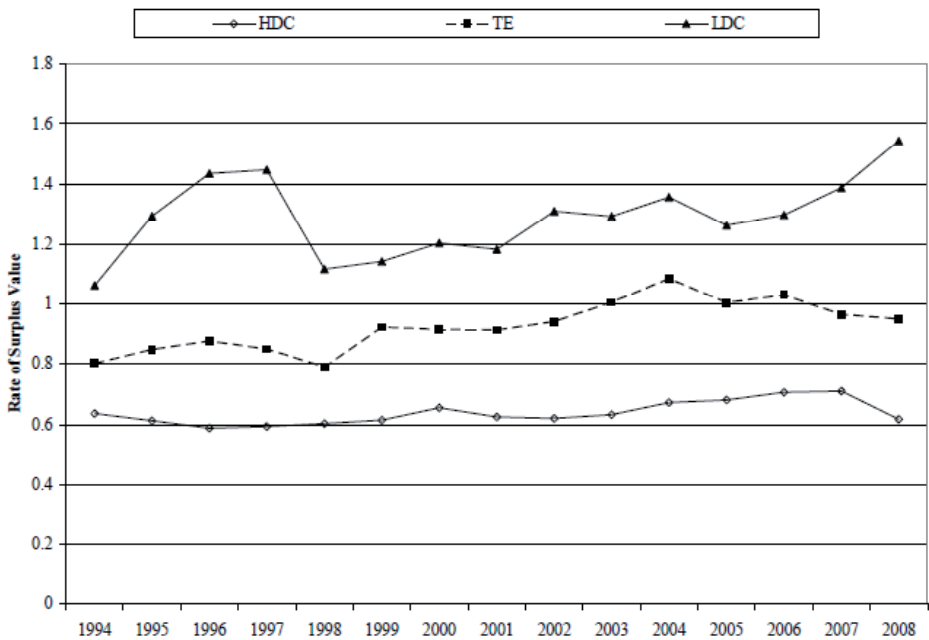
¹⁶⁴ ILO: Global Employment Trends 2011. The challenge of a jobs recovery, Geneva, p. 68

¹⁶⁵ Alexei Izyumov and John Vahaly: Labor vs. Capital Incomes in Transition Economies. What Would Karl Marx Say? 2011, p. 1, http://www.global-labour-university.org/fileadmin/GLU_conference_2011/papers/Alexei_Izyumov.pdf

The authors also show that the rate of exploitation increased fastest in the classic semi-colonial countries in the years 1994-2008. But it also grew considerable more in the ex-Stalinist countries than in the old imperialist states. (See Figure 29)

All this shows that capital could raise the rate of exploitation of the working class in most countries world-wide in the past two decades. It was particularly successful in this in those countries which do not belong to the old imperialist metropolises in Western Europe, North America and Japan.

Figure 29: Rates of Surplus Value in Developed, Developing and Transition Economies, 1994-2008 ¹⁶⁶



Legend: Highly-Developed Economies (HDC), Transition Economies (TE), Less-Developed Countries (LDC)

¹⁶⁶ Alexei Izyumov and John Vahaly: Labor vs. Capital Incomes in Transition Economies, p. 5

Chapter 6: Marxist Theory and Imperialist Super-Exploitation of the Semi-Colonial Countries

We have explained that the formation of monopolies is a result of the process of capitalist concentration and centralisation and that the monopolies try – by various means – to counteract the inherent capitalist law, the tendency of the rate of profit to fall. One of the most important ways to counteract – and the one to which we focus here given the context of the subject of our book – is the role of foreign markets in the capitalistically less developed countries for monopoly capital. These foreign markets provide monopoly capital with:

- i) Exploitation of cheaper labour force via export of capital*
- ii) Additional markets for their commodities*
- iii) Access to raw material*

The colonial and semi-colonial markets offer monopoly capital several methods in which it can obtain an extra profit. They are chiefly:

- i) Capital export as productive investment*
- ii) Capital export as money capital (loans, currency reserves, speculation etc.)*
- iii) Value transfer via unequal exchange*
- iv) Value transfer via migration*

In the following we will elaborate how the Marxist classics viewed these forms of obtaining an extra profit.

Unequal Exchange

Marx referred, in Volume III of *Capital*, to foreign trade as an important source for capital to counteract the tendency of the rate of profit to fall. The basis for this is that given the lower level of development of productive forces, capital in the (semi-)colonial countries has a higher organic composition, i.e. the share of human labour is higher relative to constant capital. As a consequence they produce relatively more surplus value and hence a higher average rate of profit.

However, when the commodities of the (imperialist) more developed countries and the commodities of the (semi-colonial) less developed countries are exchanged at the world market, the law of value enables imperialist capital to gain an extra profit from an unequal exchange. Its' cheaper commodities beat the more expensive commodities from the semi-colonial countries, force the later to sell their commodities below its value etc. Therefore the stronger (imperialist) capital can sell its commodities *above* its production price and still remains cheaper on the world market than the less competitive (semi-colonial)

capital. The latter is forced to sell its commodities *below* its production price and often still remains more expensive on the world market than its imperialist rivals.

As a result the stronger (imperialist) capital successfully appropriates a part of the surplus value which is created by the weaker (semi-colonial) capital. This means that unequal exchange provides an important basis for a massive transfer of value from the capitalistically less to the capitalistically more developed countries.

The reason for this development lies in the capitalist law of value itself. Let us look how prices are formed and the average rate of profit is constituted in a given industrial sector. In dealing with the process of equalisation of prices and rates of profits, Marx explained in *Capital* Vol. III that the individual commodities are not sold at their individual value. As one knows there are bigger and smaller, more productive and less productive capitals competing at the market. Via the process of equalisation of the values of commodities, prices of production are formed. These prices of production represent the cost price (i.e. the costs which the capitalist has to pay for wages, amortisation of the machinery, raw material etc.) plus the average rate of profit. In other words, the production price is formed only *after* an equalisation of the values has taken place. By the way, this is why Marx speaks about the “*amount of labour socially necessary, or the labour time socially necessary for its production*” which determines the magnitude of the value of any commodity and not the individual labour time which the workers John, Shakira, Laura and Mohammed etc. have invested in producing the given commodity.¹⁶⁷

After replacing the respective capital-values used up in the various spheres of production a distribution of the entire surplus-value takes place. This surplus value is not distributed in proportion to the amount produced by the individual capitalist or in the individual spheres of production. It is rather distributed “*in proportion to the magnitude of advanced capitals. Only in this manner do average profit and price of production arise.*”¹⁶⁸

So we see that the law of value itself creates a distortion between the price and the value. Of course the total sum of prices in the end must be equal to the total sum of values produced. However the way the values are distributed via the market price is related to the mass of invested capital, the productivity and the monopoly position of the different groups of capital. As we will see later, there are huge distortions of prices which are important to understand the degree of imperialist super-exploitation of the semi-colonies.

Of course there is an important difference between the price formation in a given industrial sector or in a national market on one hand and the world market on the other hand. Capitalism has developed historically as a national

¹⁶⁷ Karl Marx: *Das Kapital*, Band I, MEW 23, p. 54; in English: Karl Marx: *Capital*, Vol. I, Chapter 1 (our emphasis)

¹⁶⁸ Karl Marx: *Das Kapital*, Band III, MEW 25, p. 769; in English: Karl Marx: *Capital*, Vol. III; Chapter 45

formation. Hence the market prices and the average rate of profit are first and foremost formed on a national market. Marx explained that the transformation of value into production prices and finally market prices have as a precondition the possibility of equalization and values and profit rates between the sectors. This necessitates that capital can move from one sector to another and form by this the basis for such an equalization.

*“It has been said that competition levels the rates of profit of the different spheres of production into an average rate of profit and thereby turns the values of the products of these different spheres into prices of production. This occurs through the continual transfer of capital from one sphere to another, in which, for the moment, the profit happens to lie above average. The fluctuations of profit caused by the cycle of fat and lean years succeeding one another in any given branch of industry within given periods must, however, receive due consideration. This incessant outflow and inflow of capital between the different spheres of production creates trends of rise and fall in the rate of profit, which equalise one another more or less and thus have a tendency to reduce the rate of profit everywhere to the same common and general level. This movement of capitals is primarily caused by the level of market-prices, which lift profits above the general average in one place and depress them below it in another.”*¹⁶⁹

The same idea is expressed in another chapter of *Capital* Vol. III:

*“What competition, first in a single sphere, achieves is a single market-value and market-price derived from the various individual values of commodities. And it is competition of capitals in different spheres, which first brings out the price of production equalizing the rates of profit in the different spheres. The latter process requires a higher development of capitalist production than the previous one.”*¹⁷⁰

However while such conditions exist on the national market, they do not exist in the same way at the world market. The national formation of the markets creates numerous barriers for the entry of foreign capital. For that reason there are not common world-wide production prices and market prices but there are nationally different production prices and market prices. For the same reasons there is not a common world-wide average rate of profit but various, different nationally average rates of profit.¹⁷¹

¹⁶⁹ Karl Marx: *Das Kapital*, Band III, MEW 25, p. 218; in English: Karl Marx: *Capital*, Vol. III; Chapter 12

¹⁷⁰ Karl Marx: *Das Kapital*, Band III, MEW 25, p. 190; in English: Karl Marx: *Capital*, Vol. III; Chapter 10

¹⁷¹ As a side note, we remark here that such a process of overcoming national markets into a supra-national market is indeed possible on a regional level in exceptional circumstances. The European Union respectively the Euro-Zone is an example for such a possibility albeit this is still a process in development. We have defended the possibility of the formation of such an imperialist supra-state against those centrists who deny such a possibility in principle (like the Ted Grant/Peter Taaffe/Alan Woods CWI/IMT tradition). However, as we have also pointed out, this is impossible to happen on a world scale – this would be a utopian kind of Kautskyian world cartel and state. A European united market and state would be rather a tool of the strongest imperialist powers and monopolies in Europe to better compete against their rivals (USA, China, Japan) on the world market. We have elaborated on this question more detailed in Michael Pröbsting: *Die Frage der Vereinigung Europas im Lichte der marxistischen Theorie. Zur Frage eines supranationalen Staatsapparates des EU-Imperialismus und der marxistischen Staatstheorie. Die Diskussion zur Losung der Vereinigten Sozialistischen Staaten von Europa bei Lenin und Trotzki und ihre Anwendung unter den heutigen Bedingungen des Klassenkampfes*; in:

As a result the equalization of values which leads to the formation of production prices and the average rates of profits takes place before the commodities enter the sphere of circulation. On the world market the commodities are exchanged after production prices and average profit rates have been formed. Here the commodities are exchanged representing more or less “*intense national labour*” or more or less “*socially necessary labor time*” as Marx said. In other words, what we see here is an unequal exchange between commodities which embody less and commodities which embodies more intense labor.

Henryk Grossmann, in his book on the breakdown tendency of capitalism, referred to the transfer of surplus value from the less developed to the advanced capitalist countries:

“*In a conceptually isolated capitalism entrepreneurs with an above average technology make a surplus profit (a rate of profit above the average) when they sell their commodities at socially average prices. Likewise on the world market, the technologically advanced countries make a surplus profit at the cost of the technologically less developed ones.*”¹⁷²

However, this must not be understood in a schematic way. Inside a multinational corporation in the production chain we have only to a limited degree a commodity exchange after their prices have been formed (for example when the intermediate products are bought from other producers). At the same time there exists also a separate *international production sphere* inside the multinational corporations where international values are produced.

In fact the formation of such international values as a result of the increasing role of multinational corporations is one of the most important features of globalization. It is a central result from the essence of the formula we stated before: “*Globalization = Monopolization + Internationalization*”. Let us remind ourselves to the figures mentioned above that one quarter of the world economic activity takes place within the transnational corporations.¹⁷³ From this it becomes obvious that the *internationalized monopolistic sector*, where international values and production prices are created and an international equalization of profit rates takes place, is of central importance for today’s capitalism.

In the end the differences between national prices and profit rates reflect different levels of development of productive forces which is again a result of the law of uneven and combined development. The relationship between the national market and the world market can only be understood in a dialectical

Unter der Fahne der Revolution Nr. 2-3 (2008); Michael Pröbsting: *Amerikanisierung oder Niedergang? Widersprüche und Herausforderungen für das imperialistische Projekt der europäischen Vereinigung*; <http://www.arbeitermacht.de/rm/rm35/amerikanisierung.htm>; Martin Suchanek/Michael Pröbsting: *EU in der Krise. Soziales oder sozialistisches Europa?*; <http://www.arbeitermacht.de/rm/rm35/europa.htm>; both in: *Revolutionärer Marxismus* Nr. 35 (2005). Michael Pröbsting: *Americanise or bust. The challenges facing Europe*, in: *Fifth International* No. 2 (2004)

¹⁷² Henryk Grossmann. *Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen Systems (Zugleich eine Krisentheorie)*, Leipzig, 1929, p. 433; in English: *Law of the Accumulation and Breakdown*, <http://www.marxists.org/archive/grossman/1929/breakdown/index.htm>

¹⁷³ UNCTAD: *World Investment Report* 2011, p. 24

way. The fully developed national market is subordinated to and dependent of the world market. The world market on the other hand is no abstraction but based on the relationship between and the interdependence of the national markets.

The world market represents first and foremost generalized commodity circulation, as Mandel pointed out correctly. There is however also a strong tendency towards the internationalization of production and the creation of an *internationalized monopolistic sector* – as reflected in the growing role of the multinational corporations and their international production chains. But this is a *tendency* – to a certain degree like the tendency of monopolization which also does not remove competition.

In *Capital Volume III*, Marx observed that the tendency towards equalization of the rates of profit and hence the formation of production prizes speeds up the more a given economy is dominated by the capitalist mode of production.

*“Now, if the commodities are sold at their values, then, as we have shown, very different rates of profit arise in the various spheres of production, depending on the different organic composition of the masses of capital invested in them. But capital withdraws from a sphere with a low rate of profit and invades others, which yield a higher profit. Through this incessant outflow and influx, or, briefly, through its distribution among the various spheres, which depends on how the rate of profit falls here and rises there, it creates such a ratio of supply to demand that the average profit in the various spheres of production becomes the same, end values are, therefore, converted into prices of production. Capital succeeds in this equalisation, to a greater or lesser degree, depending on the extent of capitalist development in the given nation; i.e., on the extent the conditions in the country in question are adapted for the capitalist mode of production. With the progress of capitalist production, it also develops its own conditions and subordinates to its specific character and its immanent laws all the social prerequisites on which the production process is based.”*¹⁷⁴

The more the world economy is dominated by the capitalist mode of production the more we can see a global outflow and influx of capital and hence a *tendency* towards international equalization of profit rates. However there remain important factors to keep very different rates of profits: first the nation state with its domestic market; secondly, the huge differences in the value of the only commodity which creates new value – the labor force. It is exactly this commodity where there is no unrestricted world market. Quite the opposite, the imperialist states regulate the world labor market with the brute force of its state apparatus. Even liberal imperialist ideologues like the former World Bank economist Lant Pritchett have to admit, that the system we are living in *“resembles apartheid on a global scale.”*¹⁷⁵

¹⁷⁴ Karl Marx: *Das Kapital*, Band III, MEW 25, pp. 205-206; in English: Karl Marx: *Capital*, Vol. III, Chapter 10, *Equalisation of the General Rate of Profit Through Competition. Market-Prices and Market-Values. Surplus-Profit*

¹⁷⁵ Lant Pritchett: *Let Their People Come: Breaking the Gridlock on Global Labor Mobility*, Center for Global Development, 2006, p. 103

The imperialist dominance over the semi-colonies on one hand is the expression of the different levels of labour productivity – i.e. different level of development of the productive forces – and hence the different states of capitalist development. On the other hand these differences in national labour productivity are reinforced, increased and this gap widened by the rule of the monopolies and the great power which super-exploit the semi-colonies.

Because of the uneven and combined development, the huge gaps in labour productivity and the rule of the monopolies (and the Great Powers), the world market is a *unity of opposites* and not a homogenous unity. It is this contradictory unity of opposites which forms the basis for imperialism.

Marx dealt with the subject of unequal exchange on the world market and extra-profits on several occasions. In his major preparation work for *Capital*, the *Grundrisse*, Marx recognised the importance of the appropriation of value by one nation of the other:

*“From the possibility that profit may be less than surplus value, hence that capital [may] exchange profitably without realizing itself in the strict sense, it follows that not only individual capitalists, but also nations may continually exchange with one another, may even continually repeat the exchange on an ever-expanding scale, without for that reason necessarily gaining in equal degrees. One of the nations may continually appropriate for itself a part of the surplus labour of the other, giving back nothing for it in the exchange, except that the measure here [is] not as in the exchange between capitalist and worker.”*¹⁷⁶

In *Capital* Volume III, Marx elaborated this idea further:

“Capitals invested in foreign trade can yield a higher rate of profit, because, in the first place, there is competition with commodities produced in other countries with inferior production facilities, so that the more advanced country sells its goods above their value even though cheaper than the competing countries. In so far as the labour of the more advanced country is here realised as labour of a higher specific weight, the rate of profit rises, because labour which has not been paid as being of a higher quality is sold as such. The same may obtain in relation to the country, to which commodities are exported and to that from which commodities are imported; namely, the latter may offer more materialised labour in kind than it receives, and yet thereby receive commodities cheaper than it could produce them. Just as a manufacturer who employs a new invention before it becomes generally used, undersells his competitors and yet sells his commodity above its individual value, that is, realises the specifically higher productiveness of the labour he employs as surplus-labour. He thus secures a surplus-profit. As concerns capitals invested in colonies, etc., on the other hand, they may yield higher rates of profit for the simple reason that the rate of profit is higher there due to backward development, and likewise the exploitation of labour, because of the use of slaves, coolies, etc. Why should not these higher rates of profit, realised by capitals invested in certain lines and sent home by them, enter into the equalisation of the general rate of profit and thus tend, pro

¹⁷⁶ Karl Marx: Grundrisse der Kritik der politischen Ökonomie; in: MEW 42, p. 758.; in English: Karl Marx: Grundrisse. A Contribution to the Critique of Political; Chapter „Interest and profit. Carey“

*tanto, to raise it, unless it is the monopolies that stand in the way. There is so much less reason for it, since these spheres of investment of capital are subject to the laws of free competition. What Ricardo fancies is mainly this: with the higher prices realised abroad commodities are bought there in return and sent home. These commodities are thus sold on the home market, which fact can at best be but a temporary extra disadvantage of these favoured spheres of production over others. This illusion falls away as soon as it is divested of its money-form. The favoured country recovers more labour in exchange for less labour, although this difference, this excess is pocketed, as in any exchange between labour and capital, by a certain class.”*¹⁷⁷

Later in *Capital* Volume III, Marx explains the different values of the commodities of the different capitalistically developed countries more in detail:

“That which appears in these fluctuations of wages within a single country as a series of varying combinations, may appear in different countries as contemporaneous difference of national wages. In the comparison of the wages in different nations, we must therefore take into account all the factors that determine changes in the amount of the value of labour-power; the price and the extent of the prime necessities of life as naturally and historically developed, the cost of training the labourers, the part played by the labour of women and children, the productiveness of labour, its extensive and intensive magnitude. Even the most superficial comparison requires the reduction first of the average day-wage for the same trades, in different countries, to a uniform working day. After this reduction to the same terms of the day-wages, time-wage must again be translated into piece-wage, as the latter only can be a measure both of the productivity and the intensity of labour.

In every country there is a certain average intensity of labour below which the labour for the production of a commodity requires more than the socially necessary time, and therefore does not reckon as labour of normal quality. Only a degree of intensity above the national average affects, in a given country, the measure of value by the mere duration of the working-time. This is not the case on the universal market, whose integral parts are the individual countries. The average intensity of labour changes from country to country; here it is greater, there less. These national averages form a scale, whose unit of measure is the average unit of universal labour. The more intense national labour, therefore, as compared with the less intense, produces in the same time more value, which expresses itself in more money.

But the law of value in its international application is yet more modified by the fact that on the world-market the more productive national labour reckons also as the more intense, so long as the more productive nation is not compelled by competition to lower the selling price of its commodities to the level of their value.

In proportion as capitalist production is developed in a country, in the same proportion do the national intensity and productivity of labour there rise above the international level. The different quantities of commodities of the same kind, produced in different

¹⁷⁷ Karl Marx: *Das Kapital*, Band III, MEW 25, pp. 247-248; in English: Karl Marx: *Capital*, Vol. III, Chapter 14, *Counteracting Influences*

countries in the same working-time, have, therefore, unequal international values, which are expressed in different prices, i.e., in sums of money varying according to international values. The relative value of money will, therefore, be less in the nation with more developed capitalist mode of production than in the nation with less developed. It follows, then, that the nominal wages, the equivalent of labour-power expressed in money, will also be higher in the first nation than in the second,; which does not at all prove that this holds also for the real wages, i.e., for the means of subsistence placed at the disposal of the labourer.

But even apart from these relative differences of the value of money in different countries, it will be found, frequently, that the daily or weekly, etc., wage in the first nation is higher than in the second, whilst the relative price of labour, i.e., the price of labour as compared both with surplus value and with the value of the product, stands higher in the second than in the first.“¹⁷⁸

Similarly in his *Theories of Surplus-Value* Marx explicitly wrote about unequal exchange where “the richer country exploits the poorer one”:

“Say, in his notes to Ricardo’s book translated by Constancio, makes only one correct remark about foreign trade. Profit can also be made by cheating, one person gaining what the other loses. Loss and gain within a single country cancel each other out. But not so with trade between different countries. And even according to Ricardo’s theory, three days of labour of one country can be exchanged against one of another country—a point not noted by Say. Here the law of value undergoes essential modification. The relationship between labour days of different countries may be similar to that existing between skilled, complex labour and unskilled, simple labour within a country. In this case, the richer country exploits the poorer one, even where the latter gains by the exchange, as John Stuart Mill explains in his *Some Unsettled Questions*.“¹⁷⁹

While this phenomena already played an important role in the time of Marx, in the epoch of monopoly capitalism (i.e. after the death of Marx and Engels) this increased qualitatively. The German Marxist economist Henryk Grossmann picked up this thought from Marx and referred to the role of unequal exchange in the economic relations between the advanced capitalist and the less developed capitalist countries:

“International trade is not based on an exchange of equivalents because, as on the national market, there is a tendency for rates of profit to be equalised. The commodities of the advanced capitalist country with the higher organic composition will therefore be sold at prices of production higher than value; those of the backward country at prices of production lower than value. (...) In this way circulation on the world market involves transfers of surplus value from the less developed to the more developed capitalist countries because the distribution of surplus value is determined not by the number of workers employed in each country but by the size of the functioning capital.“¹⁸⁰

¹⁷⁸ Karl Marx: *Das Kapital*, Band I, MEW 23, pp. 583-584; in English: Karl Marx: *Capital*, Vol. I, Chapter 22: *Counteracting Influences*

¹⁷⁹ Karl Marx: *Theorien über den Mehrwert*, III. Teil, MEW 26.3, p. 101; in English: Karl Marx: *Theories of Surplus-Value*, Vol. III, Chapter 20

¹⁸⁰ Henryk Grossmann. *Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen*

As we will see later unequal exchange has become a major source for the super-exploitation of the semi-colonial world by imperialist capital.

Capital Export

The poorer countries are of importance for imperialist capital not only as market for its commodities or as source for raw material. Given the massive reservoir of labour forces and the cheap conditions for their exploitation on one hand and the tendency of the profit rate to fall in their home countries on the other hand, imperialist capital has a strong incentive to export capital to these poorer countries. These foreign markets do not and cannot replace the domestic market for monopoly capital. But they can provide an important source for extra profit which is possible given the higher average rate of profit in these countries.

These capital exports enable the monopolies to combine their modern machinery and technology with substantially cheaper labour forces. In this way they reduce the cost price for their commodities. When they sell their commodities they can sell below the market price. This is both the case at the semi-colonial and at the imperialist market. At the semi-colonial market they can sell below the market price because the low-waged workers produced the commodities in a more effective, productive way given the more modern machinery which the monopolies deploy compared with their semi-colonial capitalist rivals. At the imperialist market they can sell below the market price because they had to pay much less for the wages of the workers in the semi-colonies than their rivals in the imperialist market have to pay.

Which kind of capital export takes place? On one hand imperialist capital tends to export capital as productive investment, i.e. they build new enterprises respectively buy and expand already existing enterprises in the capitalistically less developed countries. Since imperialist capital employs usually more modern technology than most of the semi-colonial domestic competitors they can achieve an even stronger, more monopolistic position on these markets than in the imperialist countries. Hence they make an extra profit far above the average and while a portion of this might be reinvested, a significant proportion will be returned to the owners in the imperialist countries.

Another form of capital export – which gained enormous importance particularly since the early 1970s – is export of money capital as loans. In this case banks and other financial institutions give the semi-colonial countries loans for which they have to pay huge interest rates.

The importance of capital export for the imperialist monopoly bourgeoisie was already emphasised by Lenin in his famous book on imperialism:

“As long as capitalism remains what it is, surplus capital will be utilised not for the

*purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc. The need to export capital arises from the fact that in a few countries capitalism has become "overripe" and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for "profitable" investment."*¹⁸¹

Migration and Super-Exploitation

Finally we have to mention the increasing importance of migration. Since the beginning of the era of imperialism migration takes place from poor, mostly colonial or semi-colonial countries towards the rich imperialist countries. Especially in recent decades - since the beginning of the crisis-ridden development of capitalism in the early 1970s and then particularly with the onset of globalization - migration has increased substantially.

In our German-language study on the development and nature of migration ("*Marxismus, Migration und revolutionäre Integration*") we have shown that migration is an essential part of the super-exploitation of the semi-colonial world by imperialist monopoly capital.¹⁸² Just as the monopoly capital extracts surplus profits from the semi-colonial world, there is also an appropriation of extra profits through migration. Imperialist capital draws profit by paying the migrant workers *below the value of their labour force* in several ways:

i) The capitalists can exploit the migrants often with no or only limited costs for their education since the migrants are often educated in their home country. The value of a commodity is – as the Soviet Marxist economist Issac I. Rubin pointed out – not only the product of the labor which directly enter it "*but also of that labor which is necessary for the training of the laborer in the given profession.*"¹⁸³ Therefore, the capitalist appropriates a share of the commodity value without costs.

ii) The capitalists often have to pay either no or only reduced costs for the pension and social security of the migrants since they have limited access to

¹⁸¹ V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916); in: LCW Vol. 22, p. 241f.

¹⁸² Michael Pröbsting: *Marxismus, Migration und revolutionäre Integration* (2010); in: *Der Weg des Revolutionären Kommunismus*, Nr. 7, <http://www.thecommunists.net/publications/werk-7>. We have published a summary of this study in English-language: Michael Pröbsting: *Marxism, Migration and revolutionary Integration*, in: *Revolutionary Communism*, No. 1 (English-language Journal of the RCIT), p. 42, <http://www.thecommunists.net/oppressed/revolutionary-integration/>

¹⁸³ See Isaak I. Rubin: *Studien zur Marx'schen Werttheorie* (1928), p. 131; in English: I. I. Rubin: *Essays on Marx's Theory of Value*, Montreal 1990

social service and when they get old they often go back to their home country.

iii) The capitalists usually pay the migrants a wage which is substantially lower than the wage for the workers from the ruling nation. The capitalists can exploit them as a cheaper (compared to domestic) labour force because of their social position which is characterised by national oppression. This can be the case because of their lack of rights if they are not citizens of the imperialist country. It can be the case because the migrant's mother language is not treated as equal and hence there are highly disadvantaged in their jobs, schools and all other areas of life in the imperialist society. Or they are oppressed via various forms of social discrimination. These forms of oppression are not only valid for first generation migrants but also for migrants of the second and third generation.

Migrants are nationally oppressed. Migrants do not belong to the dominant state nation and therefore experience discrimination concerning the language in all public areas such as public authorities, the media and schools, have less democratic rights as foreign citizens, including their dependency of a work permit, etc. As a consequence, the vast majority of migrants have a specific position in the social hierarchy of the capitalist system: in its large majority migrants belong to the lower layers of the working class and that small part of them, which belongs to the petty bourgeoisie, is usually part of the poorest sectors of the petty bourgeoisie.

Of course the forms of national oppression and super-exploitation are not the same for all migrants. Second generation migrants do not experience the same conditions as those of the first generation, foreign citizens do not experience the same conditions as migrants with citizenship, highly skilled migrant workers do not experience the same conditions as those who are employed as unskilled workers, etc. Migrants have different national origins, which is why we cannot speak of a common national identity. We rather speak of a joint *negative national identity* (namely, that they are "Non-Germans", "Non-British" etc. with roots in - in relation to the country of immigration - poorer countries). But ultimately all these different parts of the migrants have much more in common than what divides them - namely, the social position as a layer, who in their vast majority experience in one form or another national oppression and super-exploitation.

One has to differentiate between migrants from rich, imperialist countries and those from poor, semi-colonial countries. Migrants from rich, imperialist countries are on average not super exploited and they often take a relatively high place in the social hierarchy of the capitalist order. We consider this group of immigrants from rich, imperialist countries, therefore only as a secondary group of migrants or as a layer that is less exposed to the typical ways of discrimination and exploitation. However, they form only a minority amongst migrants. By far the largest group of immigrants are those with roots in the poorer, semi-colonial countries.

Migrant women and youth experience an additional suppression. Migrant

women are – even more than their male colleagues – employed as very low-paid unskilled work force. Because of their oppression as migrants, the patriarchal structures are more pronounced. Migrant youth are also oppressed in the patriarchal family and due to the social and language discrimination, their education level is significantly lower than that of their domestic colleagues.

The oppression of migrants is justified and maintained by the various forms of racist ideologies. There are different forms of racism, seeking to justify the suppression of the migrants with various lies: i) biological and genetic inferiority, ii) other, with the nation-state incompatible cultural values (the “clash of civilizations”), iii) so-called backward, aggressive religion (e.g. different forms of Islamophobia). These reactionary justifications can and are in practice often mixed together. Also racism operates at different levels - laws, populist politics, popular prejudices, etc.

To summarize, for all these reasons the RCIT defines in its program and in their *Theses on Migration* migrants as “*a nationally oppressed layer of super-exploited labour force.*”¹⁸⁴

This super-exploitation of migrant labour is an important source of imperialist extra-profits. Thus it is also an important source for strengthening the power of the imperialist ruling class.

These extra-profits are also the basis for the division of the working class in the imperialist countries propelled by monopoly capital. They split the proletariat between the broad mass of the lower and middle strata of the workers and a small, but highly influential (in the trade unions, parties etc.) upper layers of the working class - the labour aristocracy. The basis of this division is the corruption of the labour aristocracy by monopoly capital who spend a part of the extra-profits for bribing this top layer of the working class. (more on this in Chapter 9) Such bribery can take the form of relatively high wages, ownership of shares of the corporation, non-monetary privileges, etc.

Karl Marx already recognized the important consequences of migration for the divisions in the working class. Observing the miserable situation of the Irish migrants in Britain and the reactionary prejudices of many English workers, Marx commented:

“Every industrial and commercial centre in England now possesses a working class divided into two hostile camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life. In relation to the Irish worker he regards himself as a member of the ruling nation and consequently he becomes a tool of the English aristocrats and capitalists against Ireland, thus strengthening their domination over himself. He cherishes religious, social, and

¹⁸⁴ See Michael Pröbsting: Marxismus, Migration und revolutionäre Integration, <http://www.thecommunists.net/publications/werk-7>. in English: Michael Pröbsting: Marxism, Migration and revolutionary Integration, in: Revolutionary Communism, No. 1 (English-language Journal of the RCIT), p. 42, <http://www.thecommunists.net/oppressed/revolutionary-integration/>; RCIT: The Revolutionary Communist Manifesto (2012), p. 51, <http://www.thecommunists.net/rcit-manifesto/fight-against-oppression-of-migrants>

national prejudices against the Irish worker. His attitude towards him is much the same as that of the "poor whites" to the Negroes in the former slave states of the U.S.A.. The Irishman pays him back with interest in his own money. He sees in the English worker both the accomplice and the stupid tool of the English rulers in Ireland.

This antagonism is artificially kept alive and intensified by the press, the pulpit, the comic papers, in short, by all the means at the disposal of the ruling classes. This antagonism is the secret of the impotence of the English working class, despite its organisation. It is the secret by which the capitalist class maintains its power. And the latter is quite aware of this.

But the evil does not stop here. It continues across the ocean. The antagonism between Englishmen and Irishmen is the hidden basis of the conflict between the United States and England. It makes any honest and serious co-operation between the working classes of the two countries impossible. It enables the governments of both countries, whenever they think fit, to break the edge off the social conflict by their mutual bullying, and, in case of need, by war between the two countries.

England, the metropolis of capital, the power which has up to now ruled the world market, is at present the most important country for the workers' revolution, and moreover the only country in which the material conditions for this revolution have reached a certain degree of maturity. It is consequently the most important object of the International Working Men's Association to hasten the social revolution in England. The sole means of hastening it is to make Ireland independent. Hence it is the task of the International everywhere to put the conflict between England and Ireland in the foreground, and everywhere to side openly with Ireland. It is the special task of the Central Council in London to make the English workers realise that for them the national emancipation of Ireland is not a question of abstract justice or humanitarian sentiment but the first condition of their own social emancipation."¹⁸⁵

While migration has accelerated dramatically in the last decades, Lenin in his time was already aware of the importance of migration for imperialism. In a polemic against another Bolshevik, Georgy Pyatakov, who ignored the importance of the national question, Lenin emphasised the role of super-exploitation of workers from oppressed nations – both in their home countries as in their role as migrants:

"Is the actual condition of the workers in the oppressor and in the oppressed nations the same, from the standpoint of the national question?

No, it is not the same.

(1) Economically, the difference is that sections of the working class in the oppressor nations receive crumbs from the superprofits the bourgeoisie of these nations obtains by extra exploitation of the workers of the oppressed nations. Besides, economic statistics show that here a larger percentage of the workers become "straw bosses" than is the case in the oppressed nations, a larger percentage rise to the labour aristocracy. (Note

¹⁸⁵ Karl Marx: Brief an Sigrid Meyer und August Vogt (9. April 1870); in: MEW 32, pp. 668-669; in English. Karl Marx: Letter to Sigfrid Meyer and August Vogt (9 April 1870) (Emphasis in the original)

from Lenin: See, for instance, Hourwich's book on immigration and the condition of the working class in America, *Immigration and Labour*.) That is a fact. To a certain degree the workers of the oppressor nations are partners of their own bourgeoisie in plundering the workers (and the mass of the population) of the oppressed nations.

(2) Politically, the difference is that, compared with the workers of the oppressed nations, they occupy a privileged position in many spheres of political life.

(3) Ideologically, or spiritually, the difference is that they are taught, at school and in life, disdain and contempt for the workers of the oppressed nations. This has been experienced, for example, by every Great Russian who has been brought up or who has lived among Great Russians."¹⁸⁶

Lenin awareness of the importance of migration led him to propose its inclusion into programme of the Bolsheviks in 1917:

"The exploitation of worse paid labour from backward countries is particularly characteristic of imperialism. On this exploitation rests, to a certain degree, the parasitism of rich imperialist countries which bribe a part of their workers with higher wages while shamelessly and unrestrainedly exploiting the labour of "cheap" foreign workers. The words "worse paid" should be added and also the words "and frequently deprived of rights"; for the exploiters in "civilised" countries always take advantage of the fact that the imported foreign workers have no rights."¹⁸⁷

In discussing the importance of migration for capitalism it is necessary to remember the role of the *industrial reserve army* in the capitalist accumulation process. The *industrial reserve army* or the *relative surplus population*, as Marx also called it, is the sector of the working class which is temporarily unemployed. It helps the capitalists to put pressure on the employed workers and lower the wages and by this to raise the share of surplus. In *Capital* Volume I Marx wrote that the industrial reserve army is growing in parallel with the progress of capitalist development and wealth creation. Today we can observe the validity of this prediction:

"The greater the social wealth, the functioning capital, the extent and energy of its growth, and, therefore, also the absolute mass of the proletariat and the productiveness of its labour, the greater is the industrial reserve army. The same causes which develop the expansive power of capital, develop also the labour power at its disposal. The relative mass of the industrial reserve army increases therefore with the potential energy of wealth. But the greater this reserve army in proportion to the active labour army, the greater is the mass of a consolidated surplus population, whose misery is in inverse ratio to its torment of labour. The more extensive, finally, the Lazarus layers of the working class, and the industrial reserve army, the greater is official pauperism. This is the absolute general law of capitalist accumulation. Like all other laws it is modified in its working by many circumstances, the analysis of which does

¹⁸⁶ V. I. Lenin: A Caricature of Marxism and Imperialist Economism (1916); in: LCW Vol. 23, pp. 55-56 (Emphasis in the original)

¹⁸⁷ V. I. Lenin: Revision of the Party Programme (1917); in: LCW Vol. 26, p. 168 (Emphasis in the original)

not concern us here.”¹⁸⁸

When in the 1950s and 1960s there was near full employment in the imperialist metropolises the capitalists desperately needed migrants to form an industrial reserve army. Today faced with declining profit rates they need even more migrants as cheaper workers.

There is also another reason why the capitalists increasingly need migration and which we pointed out in our *Thesis on Migration*. In the epoch of imperialism the capitalist system is less and less capable to re-integrate the whole industrial reserve army. There is a growing *lazarus layers*, i.e. a layer who completely and lastingly drops out of the capitalist labour process. This is what Evgenij Preobrazenskij called in his last book before he was silenced by Stalin's apparatus “*the immobilization of an ever-growing portion of society's labor power.*”¹⁸⁹ It is another expression of the fact that capitalism is in a period of decline. This immobilization of a growing part of the pauperized native unemployed encourages the capitalists to look for more mobile, less demoralized labour forces – the migrants.

It is therefore useful to pick up the differentiation which the socialist economist Fritz Sternberg introduced in the 1920. He differentiated between the *internal surplus population* and the *external surplus population*. The first are those who come as new labour forces from the countryside to the cities. The second are migrants coming from abroad. Sternberg correctly argues that while in the epoch of rising capitalism internal surplus population plays a bigger role, in the epoch of imperialism it is the external surplus population – i.e. the migrants.¹⁹⁰

The capitalists use the migrants, the external surplus population, to lower the wages, i.e. to lower the price of labour power below its value. In this they play a similar role as the unemployed about whom Marx wrote in *Capital* Vol. I:

“*That portion of the working-class, thus by machinery rendered superfluous, i.e., no longer immediately necessary for the self-expansion of capital, either goes to the wall in the unequal contest of the old handicrafts and manufactures with machinery, or else floods all the more easily accessible branches of industry, swamps the labour-market, and sinks the price of labour-power below its value.*”¹⁹¹

¹⁸⁸ Karl Marx: *Das Kapital*, Band I, MEW 23, pp. 673-874; in English: *Capital*, Vol. I; Chapter 25

¹⁸⁹ Evgenij Preobrazenskij: *The Decline of Capitalism* (1931); Translation by Richard Day (1983), p. 9

¹⁹⁰ Fritz Sternberg: *Der Imperialismus* (1926), Reprint Frankfurt a.M. 1971, p. 46. This correct argument however can not remove the fact that Sternberg grossly erred in his support for Rosa Luxemburg's theory of imperialism who thought that the fate of capitalism is linked to the expansion to “non-capitalist areas”. This theory was by and large correctly criticized by Nikolai Bukharin in his book „*Der Imperialismus und die Akkumulation des Kapitals*“ (1924); in English: *Nikolai Bukharin: Imperialism and the Accumulation of Capital* (1924).

¹⁹¹ Karl Marx: *Das Kapital*, Band I; in: MEW 23, p. 454; in English: *Karl Marx: Capital*, Vol. I, Chapter 15

Centrist Objections

One of the main arguments of various centrists to reject the Leninist theory of imperialism is the following: The foreign market in the poorer countries only plays a minor role in the world market and capital export plays a minor role compared with the worldwide total accumulated capital.

For example the IST/SWP/Counterfire theoreticians or other critics of the Marxist theory of Imperialism claim that Lenin's analysis was already problematic at his time and completely wrong in the post-1945 world. IST leader Alex Callinicos wrote:

*"The picture which Lenin had painted of an imperialist system based on the export of capital to the colonies – even in his time, as we have seen, only a partial truth – was completely at odds with the reality of international capitalism after 1945."*¹⁹²

This argument was repeated later by another IST-leader, the late Chris Harman:

*"But there was one major departure from the Hobson-Lenin picture. The flows were not from industrial to 'underdeveloped' countries. They were overwhelmingly to areas where industry already existed."*¹⁹³

Harman generalised the IST revision of Lenin's theory even further, arguing that the imperialist states cannot be characterised as "parasitic" and "living from the former colonial world":

*"Such flows of investment are an indication of where capitalists think profits are to be made, and they suggest that it is overwhelmingly within the advanced countries, and a handful of 'newly industrialising' countries and regions (of which coastal China is now the most important). This means that, whatever may have been the case a century ago, it makes no sense to see the advanced countries as 'parasitic', living off the former colonial world. Nor does it make sense to see workers in the West gaining from 'super-exploitation' in the Third World. Those who run the system do not miss any opportunity to exploit workers anywhere, however poor they are. But the centers of exploitation, as indicated by the FDI figures, are where industry already exists."*¹⁹⁴

The IST leader also claims that most semi-colonial countries are of no importance for the capitalist profits:

"The fundamental fact that permitted decolonisation without economic disaster for the advanced capitalisms half a century ago remains unchanged. Most investment from advanced capitalist countries is directed to other advanced capitalist countries and the small minority of newly industrialised countries for the simple reason that that is where most profit is to be obtained. Most of the Third World, including nearly all of Africa and much of Latin America outside Brazil and Mexico, is of diminishing economic importance for the dynamic of the system as a whole. Profits and interest payments from

¹⁹² Alex Callinicos: *Marxism and Imperialism today*, in: A. Callinicos, J. Rees, C Harman & M. Haynes: *Marxism and the New Imperialism*, London 1994, p. 31

¹⁹³ Chris Harman (SWP): *Analysing Imperialism*, p. 39.

¹⁹⁴ Chris Harman (SWP): *Analysing Imperialism*, pp. 39-40

*such regions are the lettering on the icing on the cake for world capital, not even a slice of the cake itself.”*¹⁹⁵

The Role of the Foreign Market

These arguments betray a lack of understanding Marxist political economy in general and of imperialism in particular. First, they misunderstand the meaning of the foreign markets for monopoly capital. Its meaning is not to *replace* the importance of the domestic market and the capital already accumulated in the centuries-old heart lands of capitalism. That would be absurd since it would necessitate that the capitalistically backward countries stop being such countries and become instead the most advanced countries. Naturally Lenin and other Marxists didn't say nor mean what the IST theoreticians claim.

The importance of the backward countries is to offer monopoly capital the opportunity to obtain higher profit rates than at the domestic market. This is possible and indeed it is the case as we will show later. What is the reason for this? The main reason is that profit rates in the semi-colonial countries are higher because the organic composition of capital is lower and hence the share of variable capital (labor) – which is the only source of new surplus value – is higher.

Marx himself already dealt with this argument in *Capital* Volume III:

*“If capital is sent abroad, this is not done because it absolutely could not be applied at home, but because it can be employed at a higher rate of profit in a foreign country.”*¹⁹⁶

In his book which deals with the weaknesses of Rosa Luxemburg theory of Imperialism, the Bolshevik theoretician Nikolai Bukharin correctly argued:

*“Rosa Luxemburg sharply raised the question of imperialism as the unavoidable ‘immanent appearance’ of capitalism at a certain stage of development. At any rate, she was not able to understand the problem theoretically as the specific problem of our time. She did not try to find the basis of imperialism in the hunt for larger monopoly profits and in the necessary movement of finance capital in that direction, but in the absolute impossibility of the existence of capitalism ‘without third persons’.”*¹⁹⁷

Similarly, Evgenij Preobrazenskij dealt in his major study on capitalism's decline with the role of (semi-)colonial markets for the expanded reproduction of imperialist capital. He shows that they allow the capitalists to accelerate the expanded reproduction of capital:

“New markets were important in the spheres of small-scale production that were newly drawn into the capitalist turnover, but in a different respect. They imparted greater elasticity to the capitalist system in terms of the dynamic of expanded reproduction

¹⁹⁵ Chris Harman (SWP): *Analysing Imperialism*, p. 72

¹⁹⁶ Karl Marx: *Das Kapital*, Band III; in: MEW 25, p. 266; in English: *Capital*, Vol. III; Chapter 15

¹⁹⁷ Nikolai Bukharin: *Der Imperialismus und die Akkumulation des Kapitals* (1924), Wien 1926, p. 124; in English: Nikolai Bukharin: *Imperialism and the Accumulation of Capital* (1924)

primarily because they temporarily eased the disproportion arising within the capitalist segment of the world economy. By itself, and in terms of its absolute volume, trade with the colonies plays an incomparably more modest role than trade between the capitalist countries proper, a fact frequently demonstrated by world trade statistics. Rapid industrialization of the colonies could create for heavy industry in the capitalist countries such an enormous increase of demand for means of production as to mean that the economic reconstruction of the colonies would erase the whole of present-day world unemployment; it would probably create a shortage of working hands even in a country such as England. It is enough just to contemplate the prospect of rapid industrialization of such vast countries as India or China. But this problem cannot be solved by capitalism, only by a socialist regime, after the proletarian revolution: in their quest for today's profit and their instinctive fear of the prospect of rapid industrialization in colonies that would become their competitors, the pirates of monopolistic capitalism are barred, and in part bar themselves, from the path of resolving this problem in a capitalist manner. Thus they cannot break through to that higher level of reproduction that will be reached immediately by a socialist regime, a regime that will establish economic ties with all the backward countries on the basis of new principles, the principles of socialist cooperation. Private property in the means of production, given the monopolistic organization of production, creates an insurmountable structural barrier to this process.

It follows that if the opening of new territories played a role in the process of realization for developed capitalism, it did so not by virtue of the absolute significance of these territories in capitalist trade, but rather because, in the final analysis, the expansion of markets in the colonies enabled the market for capitalism—located within capitalism itself—to expand to an incomparably greater extent. The transition of capitalism as a whole to the next level of expanded reproduction signified an increase of capitalist demand for the production of the capitalist countries themselves, and this expanded demand was tens of times larger than the additional demand originating in the newly opened markets. In order to clarify this thought I shall take the liberty of making a comparison. When a man is climbing up a steep ascent and carrying a heavy burden on his shoulders, it becomes important for his progress that he pause for a second, between levels, on some small landing. Although he will not tarry, but will move with both feet to the next level of the ascent, in the dynamic of his movement this small landing can play a significant, even if only a subordinate role. The same holds true of new markets in backward countries during the epoch of free competition. They were important not by virtue of their magnitude, but because they made it easier for capitalism to drag the accumulated productive forces to the next level of expanded reproduction, and thus they opened up an incomparably more powerful demand within Capitalism itself. In that manner they alleviated the basic structural contradiction of capitalism, enabling it to set new productive forces in motion with gracious permission from the average norm of profit.

In the period of monopolistic capitalism, on the contrary, the entire world is divided; all the colonies are distributed and all the spheres of influence secured, so that the enormous trusts can only snatch from one another existing markets and spheres for the

*export of capital. Their dumping of exports is but a convulsive attempt to pause for a moment upon that landing which in the last century was represented by the opening of new markets for capitalism. But dumping by capitalist countries within other capitalist countries, or within the spheres of influence of other capitalist countries, means that several feet are being needed onto the small landing at one and the same time. The result is that no-one can continue the ascent, and the entire burdensome productive apparatus of monopolistic capitalism falls back again to the level that it was intended to leave behind. Not only that, but even if genuinely new markets were now to be opened up, the negative influence of the monopolistic form of capitalism on expanded reproduction is itself so great that this weak palliative could not provide serious assistance.”*¹⁹⁸

Preobrazenskij also explains the role of the (semi-)colonial market if monopoly capital needs to counteract against the effects of the crisis:

“Insofar as we are dealing with the conditions of concrete capitalism during the epoch of free competition, assuming both its division into national economic units and the simultaneous existence of small-scale commodity production, we cannot ignore the influence of foreign trade upon the character of the capitalist cycle in this period.

Increased opportunities to sell abroad must have the effect of promoting absorption of the unrealized balances—800 means of production in Department I and more than 400 means of consumption in II— and of doing so without a crisis. The sale of even a part of these balances, even of only 25%, has enormous significance for the entire system. That is true not because of the absolute weight of the market, which is generally insignificant (2.7% of gross production), but because sales in the foreign market will make it possible, at a given moment, to halt the contraction of the production apparatus of both departments at a level higher than would be the case if this reserve of capitalist flexibility were not brought into play. Contrary to Rosa Luxemburg’s thinking, the external market is not important in and of itself, but only because it permits avoidance of a far greater contraction of that market which capitalism acquires internally. This internal market is incomparably more significant for capitalism, especially when the issue is to preserve, beyond the period of expansion, the growth which has occurred in both departments in response to a major order for fixed capital.

Such an order pulls the system to a higher level of expanded reproduction. Once the order is fulfilled, contraction of the production apparatus, in general terms, is inevitable. However, the contraction will be smaller if there are circumstances to mitigate the conditions of crisis, thereby affording capitalism a better prospect of preserving its own additional domestic market, created during the period of expansion. It is precisely here that one finds the principal economic sense of the struggle, during periods of crisis, for external markets whose absolute dimensions are completely insignificant and whose importance will decline still further during the next period of expansion. What we have in mind, of course, is the struggle for colonies only in response to the problem of realization; we are not discussing the struggle for spheres of capital investment, for

¹⁹⁸ Evgenij Preobrazenskij: *The Decline of Capitalism* (1931); Translation by Richard Day, London 1981, pp. 18-19

sources of materials, for naval bases, etc. " 199

Bukharin summarized the role of the foreign markets as follows:

"Consequently: (1) if it is an occasional exchange trade capital gains a surplus profit, using all means, including deceit, violence and robbery; (2) if foreign exchange becomes a regular occurrence, the country with a higher structure inevitably gains a surplus profit; (3) if capital is exported, that too happens in order to gain additional profit." 200

The German Marxist Henryk Grossmann emphasized that appropriating surplus value from foreign markets is a question "of life and death" for capital given its increasing tendency to crisis and breakdown.

"Under these circumstances an injection of surplus value by means of foreign trade would raise the rate of profit and reduce the severity of the breakdown tendency. According to the conception I have developed and which, I believe, is also Marx's conception, the original surplus value expands by means of transfers from abroad. At advanced stages of accumulation, when it becomes more and more difficult to valorise the enormously accumulated capital, such transfers become a matter of life and death for capitalism. This explains the virulence of imperialist expansion in the late stage of capital accumulation. Because it is irrelevant whether the exploited countries are capitalist or non-capitalist — and because the latter can in turn exploit other less developed countries by means of foreign trade — accumulation of capital at a late stage entails intensified competition of all capitalist countries on the world market. The drive to neutralise the breakdown tendency through increased valorisation takes place at the cost of other capitalist states." 201

So to summarize this overview of what Marxist thought on the importance of the role of oppressed people for imperialist capital, we can say – as we wrote some years ago – *"imperialism plunders and must plunder the semi-colonial world in order to counteract against its decline."* 202

¹⁹⁹ Evgenij Preobrazenskij: *The Decline of Capitalism*, pp. 89-90

²⁰⁰ Nikolai Bukharin: *Der Imperialismus und die Akkumulation des Kapitals* (1924), Wien 1926, p. 100 (emphasis in the original); in English: Nikolai Bukharin: *Imperialism and the Accumulation of Capital* (1924). David Yaffe also stressed this point in his review of Bukharin's book: *"It is not merely a question of seeking higher rates of profit but of seeking additional surplus-value in order to capitalise investments already made. This means that capital must maintain its share of old markets and fight for a share of newly expanding markets, wherever these markets are."* (David Yaffe: *Review Article of Bukharin's 'Imperialism and the Accumulation of Capital'*, 1972, <http://marxists.org/subject/economy/authors/yaffed/1972/impaccrev/impacckreview.htm>)

²⁰¹ Henryk Grossmann. *Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen Systems* (Zugleich eine Krisentheorie), Leipzig, 1929, pp. 437-438.; in English: *Law of the Accumulation and Breakdown*.

²⁰² See Michael Pröbsting: *Imperialismus, Globalisierung und die Ausbeutung der Halbkolonien* (2007), in: BEFREIUNG Nr. 154; <http://www.trend.infopartisan.net/trd1207/t261207.html>

Chapter 7: The Various Forms of Imperialist Super-Exploitation of the Semi-Colonial Countries and their Development in the past Decades (Part 1)

We have elaborated our defence of the Leninist Theory of Imperialism against the centrist objections on a theoretical level and showed that the role of colonial and semi-colonial markets for monopoly capital is of major importance as a source for their extra-profits. Now we will prove this on the factual level.

It does not surprise us that, given the nature of bourgeois statistics, it is difficult to calculate the concrete magnitude of imperialist super-exploitation. The bourgeois statistics are usually produced by private or public institutions which are directly or indirectly financed by the imperialist monopoly capital or by their state apparatus. This holds true both for private economic institutes which live from attracting new businesses or public institutions like the IMF, World Bank, OECD or United Nations departments (like UNCTAD, WHO or ECLAC). The latter have the slight advantage that here the semi-colonial bourgeois governments have more influence which has the consequence that sometimes they allow critical studies about the disadvantages which the semi-colonial countries face because of the imperialist powers and multinational corporations.

Despite all these necessary reservations we have to deal with these bourgeois statistics since better ones hardly exist. And despite all their weaknesses even these bourgeois statistics help us to give a picture of the various forms of the imperialist super-exploitation of the semi-colonial countries.

As we will later show more in detail, imperialist exploitation of the semi-colonial can be divided broadly into four categories:

- i) Extra profits via capital export as productive investment
- ii) Extra profits via capital export as money capital (loans, currency reserves, speculation etc.)
- iii) Value transfer via unequal exchange
- iv) Value transfer via migration, i.e. the import of relatively cheaper labour force to the imperialist metropolises from the semi-colonies

An Overview on the Financial Net Transfer

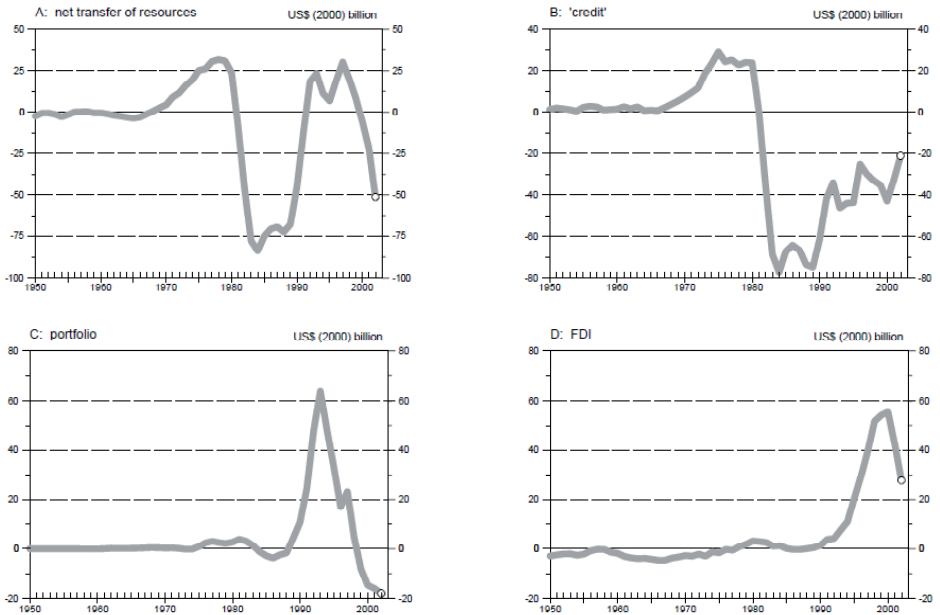
In a working paper published by the IMF, two Latin American bourgeois academics, one of them a former minister of finance in Colombia, produced an interesting Figure which showed the net transfer of financial resources from Latin America between 1950 and 2002. As one can see, while there have been cyclical movements, all in all there has been an outflow of financial resources from Latin America to the imperialist metropolises. (see Figure 30)

Pierre Jalée, a French Marxist economist, concluded in 1965 in a book on the imperialist super-exploitation of the semi-colonial world that “*the imperialist exploitation of the countries in the Third World has not only continued in the era of political de-colonialization, but even increased.*”²⁰³

The UN-related World Health Organization (WHO) reported about the financial losses of the semi-colonial countries during the 1980s. As Figure 31 shows nearly every year in this period has been a loss.

The then president of the *United Nations Economic Commission for Latin America and the Caribbean* (ECLAC), Ortiz Mena, calculated that only in the short period between 1982 and 1985, a net transfer of about \$100 billion by profit repatriation, debt service etc. took place from the Third World to the imperialist metropolises.²⁰⁴

Figure 30: Latin America: Net Transfer of Resources and its Composition, 1950-2002²⁰⁵



²⁰³ Pierre Jalée: *Die Ausbeutung der Dritten Welt* (1965), Frankfurt a.M. 1968, p. 107 (our translation)

²⁰⁴ Ernest Mandel: *Verschuldungskrise: Eine tickende Zeitbombe*; in: Bortz/Castro/Mandel/Wolf: *Schuldenkrise*, Frankfurt a.M. 1987, pp. 84-85

²⁰⁵ José Antonio Ocampo and José Gabriel Palma: *The Role of Preventative Capital Account Regulations*; in: José Antonio Ocampo and Joseph E. Stiglitz (eds.): *Capital Market Liberalization and Development*, New York 2008, chapter 7, Figure 4; <http://www.imf.org/external/np/seminars/eng/2011/res/pdf/jao.pdf>

What is the extent of the imperialist robbery in relation to the national economies of the semi-colonial countries? Of course this is not easy to calculate but there have been several attempts to give a comprehensive overview. In the early 1960s Andre Gunder Frank showed the amount of value transfer from the South to the North. According to him Latin American countries had to pay in the early 1960's 61.5% of their foreign exchange revenue for interest payments, debt repayment, payments for export commodities transport by shipping etc. This amounted to \$6 billion or the equivalent of 7% of Latin Americas Gross Domestic Product. If one adds to this the deterioration of the terms of trade (equivalent of 3% of the continents GDP) one comes to the conclusion that in the early 1960's the imperialist monopolies robbed Latin America of 1/10 of its economic output.²⁰⁶

The academics Vincent Ferraro and Melissa Rosser published a study about those proportions of the financial resources' transfer which resulted only from the debt service to the imperialist banks and financial institutions. According to them the semi-colonial nations lost in the 1980s every year 3% of their Gross National Product in this way:

"The first, and most devastating, effect of the debt crisis was, and continues to be, the significant outflows of capital to finance the debt. According to the World Bank:

Figure 31: Net Financial Transfer from Semi-Colonies to Metropolises, 1980-1990²⁰⁷

Table 1.2

Net transfer of financial resources of groups of developing countries and debt indicators, 1980 and 1985-1990

	1980	1985	1986	1987	1988	1989	1990 ^a
Net transfer of resources (billions of dollars)							
All developing countries,	-59.8	-15.3	11.2	-34.1	-24.4	-33.7	-39.0
of which, 15 heavily indebted countries	8.7	-40.6	-22.1	-28.4	-31.0	-36.2	-30.0
Ratio of external debt to GNP (%)							
All capital importing developing countries	26.4	40.2	42.6	44.0	38.8	35.2	37.3
of which, 15 heavily indebted countries	32.1	57.6	60.8	65.5	55.8	48.9	51.7
Ratio of external debt to exports (%)							
All capital importing developing countries	119.5	176.8	195.2	183.1	154.5	140.3	138.4
of which, 15 heavily indebted countries	168.5	288.7	342.9	334.6	287.3	262.6	248.4
Ratio of debt-service to exports (%)							
All capital importing developing countries	18.6	23.0	23.4	21.9	19.2	15.9	15.8
of which, 15 heavily indebted countries	31.3	37.0	40.8	34.8	36.5	29.1	26.7

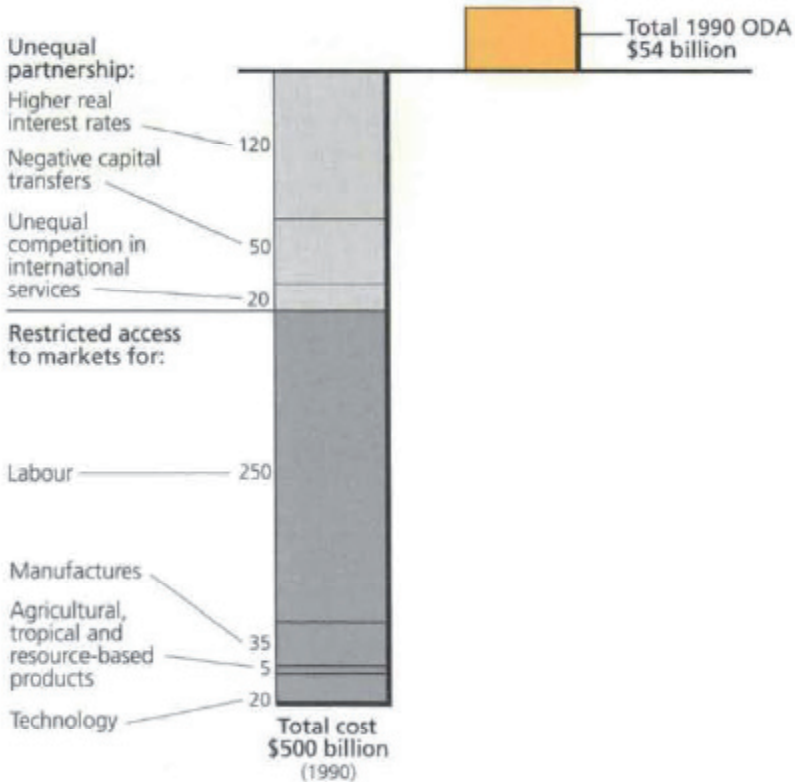
²⁰⁶ André Gunder Frank: Kapitalistische Unterentwicklung oder sozialistische Revolution (1968); in: Bolivar Echeverria, Horst Kurnitzky (Hrsg.): Lateinamerika. Entwicklung einer Unterentwicklung, Berlin 1980, p. 109

²⁰⁷ World Health Organization: Implementation of the Global Strategy for Health for All by the Year 2000. Eighth report on the world health situation, Geneva 1993, p. 16

'Before 1982 the highly indebted countries received about 2 percent of GNP a year in resources from abroad; since then they have transferred roughly 3 percent of GNP a year in the opposite direction.' In 1988, the poorer countries of the world sent about \$50 billion to the rich countries, and the cumulative total of these transfers since 1984 is nearly \$120 billion."²⁰⁸

An even more interesting finding was provided by the *United Nations Development Programme*. In their Human Development Report in 1992 they presented a calculation about what they called the "cost of global markets to developing countries". While this has to be seen with all the necessary reservation for bourgeois statistics, their numbers are nevertheless indicative and give an

Figure 32: "Costs of the Global Market to Developing Countries" (UN) in 1990 (in US-Dollars)²⁰⁹



²⁰⁸ Vincent Ferraro and Melissa Rosser: *Global Debt and Third World Development*; in: *From World Security: Challenges for a New Century*, edited by Michael Klare and Daniel Thomas (New York: St. Martin's Press, 1994), pp. 332-355, <http://www.mtholyoke.edu/acad/intrel/globdebt.htm>

²⁰⁹ UNDP: *Human Development Report 1992*, p. 67

impression of the enormous imperialist plunder. They show that that the semi-colonial world loses one fifth (!) of their whole national product every year!

*“Overall the cost of global markets to developing countries can be broadly estimated at \$500 billion a year. These \$500 billion in losses constitute about 20% of the developing countries’ present combined GNP-and roughly seven times their current spending on human development priorities.”*²¹⁰

As the following Figure 32 shows these UN figures are useful since they attempt to integrate the various forms by which the imperialists plunder the semi-colonial world. As a side note we remark that exactly for this reason one can hardly find such calculations in bourgeois official reports. However they give calculations for the losses via higher interest rates, capital transfer, unequal competition and the restricted access to markets by imperialist laws.

These UN calculations are close to the results from the findings which were published in a study from Eastern German economists in the late 1980s about the relations between the monopolies and the semi-colonial world. They summarized the result from their research:

*“At the moment the international monopolies and the imperialist states appropriate from the developing countries a value of more than \$400 billion a year, which is the equivalent of a quarter of the national income which the developing countries produce. (...) At the beginning of the 1980s the income derived from exploitation of the developing countries was about half of the productive investments of all capitalist industrial countries.”*²¹¹

These figures show the massive impact of the imperialist strangulation on the semi-colonial countries. The imperialists plunder a quarter of the South’s national income. It enabled the imperialist monopolies to finance half of their productive investments by this super-exploitation.

Unfortunately we do not possess similar studies for the development of this huge financial net transfer from the semi-colonies to the imperialist centers for the last two decades. However there are a number of statistics about specific forms of the imperialist super-exploitation which make pretty clear that this plundering has massively accelerated since then.

The author of this book presented calculations based on the annual UN reports *World Economic Situation and Prospect* about the “transfers of financial resources to developing economies and economies in transition” in several publications since 2007.²¹² These UN figures demonstrate above any doubt the massive

²¹⁰ UNDP: Human Development Report 1992, p. 67

²¹¹ Helmut Faulwetter: Die Ausbeutung der Entwicklungsländer durch das international Monopolkapital; in: Autorenkollektiv (unter Leitung von Peter Stier): Handbuch Entwicklungsländer. Sozialökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 18 (our translation)

²¹² See Michael Pröbsting: Imperialismus, Globalisierung und die Ausbeutung der Halbkolonien (2007), in: BEFREIUNG Nr. 154; <http://www.trend.infopartisan.net/trd1207/t261207.html>; Michael Pröbsting: Der Verrat der ‘Linken’ im Gaza-Krieg; in: Unter der Fahne der Revolution Nr. 4 (2009), p. 46, <http://www.thecommunists.net/theory/gaza-krieg-und-linke>; Michael Pröbsting: Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes; in: Der Weg des Revolutionären Kommunismus (Theoretical Journal of the Revolutionär-Kommunistischen Organisation zur

acceleration of the imperialist plundering in the last two decades. For example while the semi-colonial countries lost two billion US-Dollars in 1997, this figure rose to 1013 billion US-Dollars in 2011! For reasons of space we cannot give the figures for every year in our Table 22 (see also Figure 33). But we have added the figures for all years since 1995 in our total calculation below.

Table 22: Net Transfers of Financial Resources to Developing Countries and former Stalinist Countries, 1995-2011 (in Billion US-Dollars) ²¹³

	1995	1999	2003	2005	2006	2007	2008	2009	2010	2011
Africa	5.7	1.6	-16.1	-76.4	-108.3	-100.9	-99.1	2.9	-33.1	-68.3
East & South										
Asia	21.3	-139.8	-175.6	-265.7	-385.7	-529.8	-481.3	-427.5	-452.8	-501.5
West Asia	23.0	2.7	-46.7	-143.7	-175.6	-144.0	-222.5	-48.4	-120.0	-203.0
Latin America	-0.6	7.4	-64.3	-111.4	-138.0	-106.4	-73.5	-72.1	-53.9	-53.8
Developing Countries total	49.5	-128.0	-302.7	-597.2	-807.8	-881.1	-876.4	-545.1	-659.8	-826.6
Former Stalinist Countries	-7.6	-25.1	-38.0	-96.0	-117.1	-95.9	-149.1	-81.1	-135.0	-186.5
Developing Countries and Former Stalinist Countries total	41.9	-151.1	-340.7	-693.2	-924.9	-977.0	-1025.5	-626.2	-794.8	-1013.1

Added together, according to the United Nation statistics a net transfer of \$7.658 billion Dollars from the semi-colonial countries to the imperialist centres took place just in the period 1995 to 2011. 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 of the imperialist monopolies to secure more profits. According to a recent UNCTAD report for example, the multinational corporations retain 40% of their profit in the semi-colonies. *“However, not all reinvested earnings are actually reinvested in productive capacity. They may be put aside to await better investment opportunities in the future, or to finance other activities, including those that are speculative. About 40 per cent of FDI income was retained as reinvested earnings.”* ²¹⁴ And finally our

Befreiung, RKOB), Nr. 8 (2011), p. 9.

²¹³ United Nations: World Economic Situation and Prospects 2008, p. 69, World Economic Situation and Prospects 2009, p. 62, United Nations: World Economic Situation and Prospects 2010, p. 73 and United Nations: World Economic Situation and Prospects 2012, p. 76

²¹⁴ UNCTAD: World Investment Report 2011, p. 11

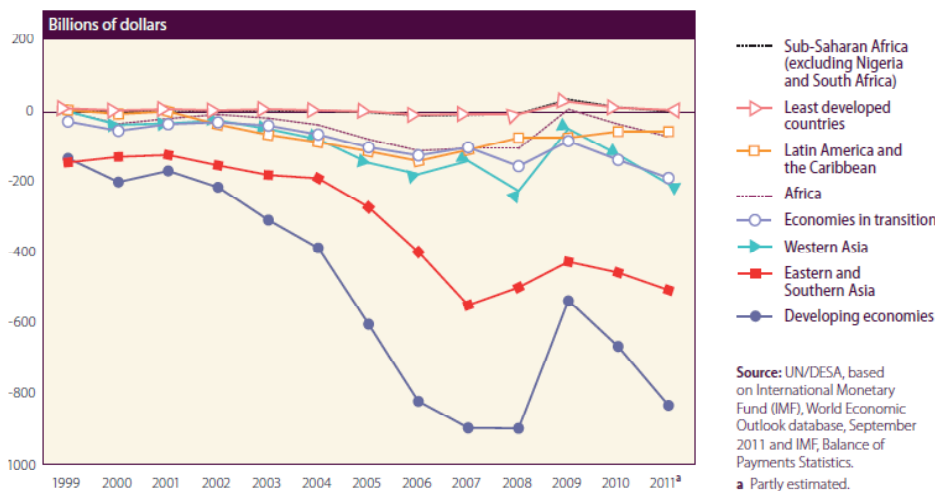
calculations do also not deal with the surplus which the imperialists gain via unequal exchange. It exclusively reflects the sum that was directly plundered from the semi-colonial world.

To be more precise it represents only the officially reported figures. Leaving aside illegal capital flight (more on this below) there are also many other ways to hide the imperialist plundering. Paulo Nakatani and Rémy Herera reported for example in the US Journal Monthly Review about the modifications in the debt service which make exact calculations more and more difficult:

*“In recent years, in the context of ever increasing market integration and deregulation of capital movements, there has been a general transformation of debts to bonds on financial markets and a conversion of external debts into internal debts. This gradual evolution, which is still ongoing, hides some perverse effects, in particular that interest rates are often higher on internal debt. Reducing external debt service repayments make it more difficult to calculate precisely the size of the drain associated with the external debt. This only further complicates and worsens a situation in which the transfer of surplus from South to North continues to operate through a myriad of channels, such as the repatriation of profits on direct foreign investment, profits on the revaluation of bonds recorded as portfolio investments in balance of payments, and other forms of unequal exchange.”*²¹⁵

As the figures show the biggest part of the imperialist extra-profits come from the biggest continent, Asia, and more specifically the more industrialized countries in the South. As the UN noted:

Figure 33: Net Transfers of Financial Resources to Developing Economies and Economies in Transition, 1999-2011 (in Billion Dollars)²¹⁶



²¹⁵ Paulo Nakatani and Rémy Herera: The South Has Already Repaid it External Debt to the North. But the North Denies its Debt to the South, Monthly Review, Volume 59, Issue 02 (June 2007)

²¹⁶ United Nations: World Economic Situation and Prospect 2012, p. 75

*"[M]ost of the net transfers from developing to developed countries were from upper middle income countries. Net outflows from upper middle income countries increased by \$85 billion in 2011, to \$580 billion, reflecting the continued reserve accumulation in these countries. Net outflows from lower middle income countries increased to \$40 billion in 2011, nearly doubling 2010 levels. However, lower middle income countries receive net inflows of \$36 billion, representing a slight increase in inflows from 2010. Thus, in 2011, the pre-crisis pattern returned; upper middle income countries transferred significant resources to richer nations while continuing with the accumulation of foreign-exchange reserves as self-protection against new global economic shocks, while poorer countries continued to have positive net transfers, albeit at a low level compared to total global flows."*²¹⁷

This shows that the industrialisation of the so-called Third World has not led to a reduction in the imperialist super-exploitation but rather to an increase. However we have to make an important note about these figures: The UN classifications of the countries naturally differ from a Marxist approach. Hence the categories "developed" and "developing" countries are not identical with our categories "imperialist" and "semi-colonial" countries. The UN statistics include semi-colonial countries in the category of the "developed countries" like Ireland, Greece and most Eastern European countries. On the other hand they put emerging imperialist states (China and Russia) into the category of the "developing countries". The UN category "upper middle income countries" represent 42 countries including China and Russia but – paradoxically – not Hong Kong which is in the category of "high-income countries". It is difficult to find words for such an absurdity where two parts of one and the same country are classified in two different economic categories.²¹⁸ For all these reasons the UN figures include important distortions. Nevertheless they are an indication of the process which is characteristic for the world economy for decades.

In the Monthly Review article mentioned above, Paulo Nakatani and Rémy Herera calculate that by only paying for the debts to the imperialist sharks, the semi-colonies lost about the 1/27 of their annual national product in the 1980s and this loss rose to 1/16 of their annual output in the period 1997-2006.

*"International debt repayment constitutes one of the forms of transfer of surplus produced by the countries of the South to the North—and of surplus produced by the workers of the South to the capitalists of their own countries and to those of the North. This has tended to increase the rate of labor force exploitation in the South. In this way, the developing countries and "emerging market" economies transferred to their creditors an annual average of 3.68 percent of their GNP during the decade following the debt crisis (1980–89). In the past ten years (1997–2006), marked by a series of financial crises and a growing polarization of the capitalist world system, this transfer rose to 6.2 percent of GNP."*²¹⁹

²¹⁷ United Nations: World Economic Situation and Prospect 2012, p. 74.

²¹⁸ See for this United Nations: World Economic Situation and Prospect 2012, p. 133

²¹⁹ Paulo Nakatani and Rémy Herera: The South Has Already Repaid it External Debt to the North.

Some authors made the interesting historical comparison of the imperialist plunder of the semi-colonies in the past decades with the plunder of Germany after the World War I. A study compared the share of the annual output which Latin America lost in the recent past with Germany after 1919 and came to the conclusion Latin America lost even more – without any war or robbery treaty as the Versailles Treaty obviously was.

*“Yet it is a little recognised fact that, as a share of GDP, the negative net transfer of financial resources from Latin America was even larger than that of Germany after World War I.”*²²⁰

Finally we show how correct Lenin’s emphasis is that the division of the world in oppressed and oppressive nations is central to imperialism. In fact the economic gap between countries has been widening over time. The British NGO Oxfam commented on study findings: *“in 1820, only one tenth of the difference in incomes among all individuals in the world was due to differences in average incomes across countries. Today, 60 per cent of global inequality is attributable to differences in incomes across countries. Borders matter more today than ever before.”*²²¹

Another study of the two academics François Bourguignon and Christian Morrisson concludes: *“this analysis shows that world income inequality worsened dramatically over the past two centuries. The Gini coefficient increased 30 percent and the Theil index 60 percent between 1820 and 1992. This evolution was due mainly to a dramatic increase in inequality across countries or regions of the world. The “between” component of the Theil index went from 0.06 in 1820 to more than 0.50 in 1992. Changes in inequality within countries were important in some periods, most notably the drop in inequality within European countries and their offshoots in America and in the Pacific during the first half of the 20th century. In the long run, however, the increase in inequality across countries was the leading- factor in the evolution of the world distribution of income.”*²²²

Importance of Raw Materials and Food

We have shown the huge net financial transfer which the imperialist centers exploit from the semi-colonies. Let us now look briefly to another area where the dependency of the imperialist countries from the so-called Third World is evident: agriculture and raw materials.

Already in the 1950s and 1960s the semi-colonial countries were an important

But the North Denies its Debt to the South, Monthly Review, Volume 59, Issue 02 (June 2007). See also Andrew M. Fischer: Putting Aid in its Place: Insights from early Structuralists on Aid and Balance of Payments and Lessons for Contemporary Aid Debates; Institute of Social Studies, The Hague, The Netherlands; in: Journal of International Development, No. 21 (2009), p. 861

²²⁰ Christian Freres and Andrew Mold: European Union Trade Policy and the Poor. Towards Improving the Poverty Impact of the GSP in Latin America, 2004, p. 8

²²¹ Catherine Barber: The logic of migration (2008), Oxfam Publication, p. 1

²²² François Bourguignon and Christian Morrisson: Inequality among World Citizens: 1820-1992, in: The American Economic Review, Vol. 92, No. 4. (September 2002), p. 742, <http://links.jstor.org/sici?sici=0002-8282%28200209%2992%3A4%3C727%3AIAWC1%3E2.0.CO%3B2-S>

source for the agricultural and raw material imports of the imperialist countries. In 1969, Pierre Jalée provided a list which showed the dependence of the imperialist world on raw materials and food imports from the semi-colonies.²²³ According to his list the imperialist countries imported from the so called Third World:

- * most of fat products and rubber commodities
- * all cocoa
- * half of its oil demand covering 19% of the whole energy consumption of the imperialist countries
- * 1/3 of the demand for iron ore
- * 4/5 of its whole demand for manganese and chrome ore
- * more than ¾ of its demand for cobalt
- * nearly all of its tin demand
- * 40% of its demand for copper
- * 2/3 of its demand for bauxite

If we look to the import structure of the imperialist countries today, there is still a strong dependency on semi-colonial imports. The European Union for example is the biggest agricultural importer in the world. It imports agricultural commodities worth €83 billion (which is about 19% of the global imports in this sector). The value of USA agricultural imports was €65 billion.²²⁴

According to a report from the European Commission more than 70% of EU agricultural imports originate in so-called developing countries. (see Figure 34) Of course this category includes also the emerging imperialist power China which accounts for about 5% of the EU's imports. The USA receives about 50% of their agricultural imports from the developing countries.²²⁵

Raw materials imports (including energy) represent approximately one third of EU imports.²²⁶ The EU is the world's largest importer of natural resources, accounting for 23% of the global imports of natural resources. All in all between 70-80% of the primary resources are imported.²²⁷

In this context we have to draw attention to the fact that the imperialist economies are particularly dependent on imports in strategically important areas like specific and rare metals which are necessary in the high-technology sectors. According to the NGO researcher, Thomas Lazzeri, *"the EU's import dependency*

²²³ Pierre Jalée: *Das neueste Stadium des Imperialismus* (1969), München 1971, p. 138. Similar figures are given for the year 1975 in: Berliner Institut für Vergleichende Sozialforschung: *Das Elend der Modernisierung. Die Modernisierung des Elends. Unterentwicklung und Entwicklungspolitik in Lateinamerika*, Berlin 1982, p. 115

²²⁴ Thomas Fritz: *Globalising Hunger: Food Security and the EU's Common Agricultural Policy* (2011), p. 7

²²⁵ European Commission: *Global and EU agricultural exports rebound*, Monitoring Agri-trade Policy, No. 01-11, May 2011, pp. 7-8

²²⁶ European Union: *Raw materials*, 13.3.2012, http://ec.europa.eu/trade/creating-opportunities/trade-topics/raw-materials/index_en.htm

²²⁷ Fanuel Hazvina: *EU Raw material initiative and their implications on EU's Relations with Africa*, Trade and Development Studies Centre (TRADES Centre), June 2011, pp. 7-8

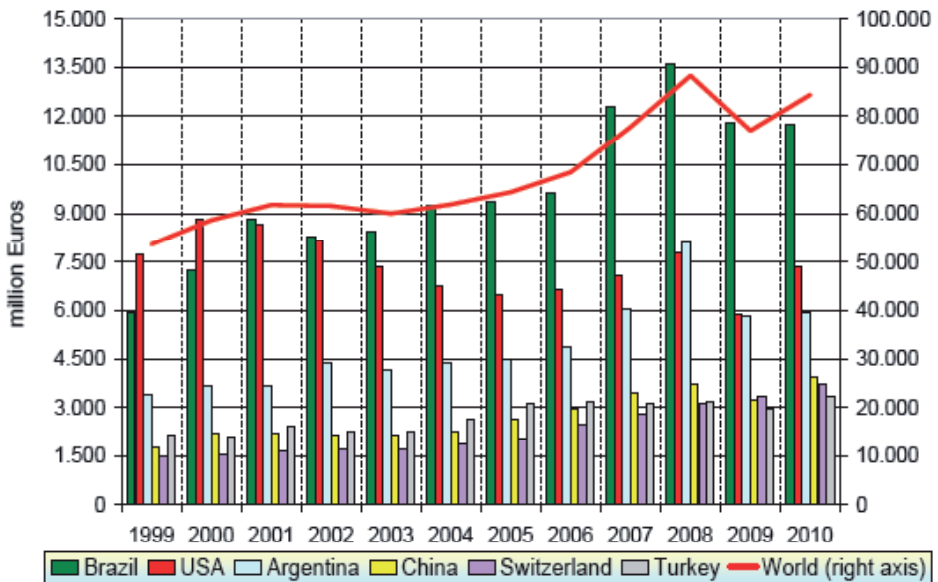
rate for minerals ranges from 46% for chromium, 54% for copper ore, 95% for bauxite to 100% for materials such as cobalt, platinum, titanium and vanadium.”²²⁸

The ruling class is aware of the potential strategic problems of this dependency. The European Commission states in a recent report: “The 14 raw materials listed below are critical because the risks of supply shortage and their impacts on the economy are higher compared with most of the other raw materials. Their high supply risk is mainly due to the fact that a high share of the worldwide production mainly comes from a handful of countries.”²²⁹

To tackle this problem the European imperialists have organized the so-called “Raw Material Initiative”.

To summarize, we can therefore only agree with the conclusion which Pierre Jalée drew in 1969: “The economy of the imperialist countries would break down without the imports from the Third World: their deliveries are the elixir for life for imperialism.”²³⁰

Figure 34: European Union Agricultural Imports by Origin, 1999-2010²³¹



²²⁸ Thomas Lazzeri: EPAs and the European Raw Materials Initiative, in: AEFJN: Forum for Action No:° 55 (March 2011), p. 14

²²⁹ European Commission: Tackling the Challenges in Commodity Markets and on Raw Materials, 2.2.2011, p. 21. These 14 raw materials are: antimony, fluorspar, gallium, germanium, Figureite, indium, magnesium, rare earths, tungsten, platinum group metals, cobalt, tantalum, niobium and tantalum.

²³⁰ Pierre Jalée: Das neueste Stadium des Imperialismus (1969), München 1971, p. 139

²³¹ European Commission: Global and EU agricultural exports rebound, Monitoring Agri-trade Policy, No. 01-11, May 2011, p. 7

In fact the imperialist leaders recognised the importance of the South's super-exploitation for keeping relative social peace in the North and particularly for maintaining the existence of the labor aristocracy. Winston Churchill, as Chancellor of the Exchequer, argued in 1929 that imperialism was the indispensable foundation for the maintenance of social services. He said in his budget speech on 15th April 1929:

"The income which we derive each year from commissions and services rendered to foreign countries is over £65m. In addition, we have a steady revenue from foreign investments of close on £300 million a year...that is the explanation of the source from which we are able to defray social services at a level incomparably higher than that of any European country or any country."

And Ernest Bevin, as Labour's Foreign Secretary after the Second World War, saw the British Empire as indispensable to the life of Labour's constituents, as he said in a Speech in the House of Commons on 23rd February 1946:

"I am not prepared to sacrifice the British Empire because I know that if the British Empire fell...it would mean the standard of living of our constituents would fall considerably." ²³²

Given all these undisputable facts of imperialist super-exploitation it is a distorting embellishment of real-world imperialism if the centrist IST leaders say – as we have seen in the quote above: *"It makes no sense to see the advanced countries as 'parasitic', living off the former colonial world. Nor does it make sense to see workers in the West gaining from 'super-exploitation' in the Third World."* This is nothing other than a glossing over the fact that super-exploitation of the semi-colonial world is a major source for monopoly extra-profits and hence for the bribing of the small top-layer of the working class, the labour aristocracy. These centrists deny this reality, claim that imperialism is not so bad, because they are looking for ideological justifications for their refusal to wage a consistent revolutionary struggle against imperialism and the political prejudices of the labour aristocracy.

The Role of Imperialist Capital Export to the Semi-Colonial World

Centrist theoreticians like Callinicos, Harman or Rees trivialize the importance of imperialist capital export to the semi-colonial countries. ²³³ They claim that

²³² Both quotes are taken from: David Yaffe: The labour aristocracy and imperialism (Part 2), in: FRFI 162 August / September 2001, <http://www.revolutionarycommunist.org/index.php/britain/1142-the-labour-aristocracy-and-imperialism-part-two-frfi-162-aug-sep-2001>

²³³ In addition to quotes we already reproduced above, we give here a few more examples for this trivialization by the Cliffite theoreticians:

"This retreat from direct colonisation had as a direct corollary the end of the old clashes between the Western powers over the partitioning of the rest of the world. The drive to war between them seemed to have gone once and for all. It was also accompanied by something else unexpected by the Lenin and Bukharin theories of imperialism – once divested of their colonies, each of the Western economies participated in a boom that

after World War II the so-called developing countries have lost in importance for the imperialist metropolises. Let us first look to the actual developments by citing a number of facts and then we will disprove the arguments of our centrist opponents.

Before doing this we have to make the following remark: The statistics in this section deal mostly with what bourgeois economists call “Foreign Direct Investment” (FDI). It is however necessary to note that FDI does not cover the whole capital export but only a fraction. For example, loans, various portfolio investments, official aid etc are not covered by this. Economists estimate that FDI represents only about 25% of total investment in overseas production.²³⁴

As we showed above the Cliffite theoreticians relativize the importance of capital export to the colonies and semi-colonies even for the period when Lenin and Trotsky were living. This is however at odds with the historical truth. Angus Maddison reproduces in his magnum opus figures of capital export for the years 1914 and 1938, i.e. before the outbreak of the two World Wars. They show that nearly half of the total capital exported went to the colonial and semi-colonial countries. (see Table 23).

This is a disproportionately extremely high share, particularly if one recalls the low development of capitalism in the colonial world at that time. So the semi-colonial world hosted nearly half of all capital exported while it had produced only 8.3% of the world manufacturing output in 1938.

In the period after the World War II, the semi-colonial countries lost in importance to a certain degree. This becomes evident if we look to the development of the US and German capital export direction in the 1950s and 1960. The share of foreign direct investment which went to the so-called Third World declined from 51% to 31% respectively 35% to 29%. (See Tables 24, 25 and 26)

eventually lasted more than a quarter of a century, saw minimal unemployment, and maintained profit levels without apparent trouble despite regular rises in living standards for their workers. And the advanced countries without any colonies – West Germany, Japan and Italy – had the economies which expanded fastest of all. It almost looked as if Hobson had been right in his claims that colonies were a drain on the economy which would otherwise be able to provide massive reforms at home.

In fact, the driving force behind the boom was precisely the Cold War imperialist rivalry between the US and the USSR, with its massive arms expenditure. Far from there being a ‘surplus’ of capital in the advanced countries, there was a shortage, and the exports of capital stayed down at the very low levels they had sunk to in the great slump of the 1930s.” (Chris Harman (SWP): *Analysing Imperialism*, pp. 29-30)

“Behind the political stability was the discovery by the European imperialists of the 1940s and 1950s that losing their direct control over their colonies did not cost them much. Economic changes in the post-war period meant that the most profitable destinations for investment were more likely to be in other advanced countries than in the former colonies. So the British, French, Dutch and Belgian economies all boomed after the loss of their colonies.” (Chris Harman: *Middle East: Beware the Cornered Tiger*, *Socialist Review* (November 2006), <http://www.socialistreview.org.uk/article.php?articlenumber=9874>)

²³⁴ See Christian Fuchs: *A Contribution to Critical Globalization Studies* (2009); Centre for the Critical Study of Global Power and Politics Working Paper CSGP 09/8, p. 17 <http://www.trentu.ca/globalpolitics/documents/Fuchs098.pdf>

Table 23: Gross Nominal Value of Capital Invested Abroad in 1914 and 1938 (in Million US-Dollar at current exchange rates and as percent of total) ²³⁵

<i>Areas of Destination</i>	1914		1938	
	<i>in Millions</i>	<i>percent</i>	<i>in Millions</i>	<i>percent</i>
Advanced Capitalist Nations	24.617	56.2%	22.266	50.6%
Colonial and Semi-colonial	19.154	43.8%	20.925	47.6%

Table 24: Distribution of US Private Foreign Direct Investment, 1950-1975 (in %) ²³⁶

	1950	1960	1975
Western Europe	14.4%	21%	37.2%
Canada	30.5%	35.2%	23.3%
Other imperialist countries	3.5%	4.6%	7.9%
Developing countries	51.6%	39.2%	31.6%

Table 25: Distribution of Western German Private Foreign Direct Investment, 1960-1975 (in %) ²³⁷

	1960	1971	1975
<i>European Economic Community</i>	10.2%	30.9%	35.3%
<i>Other imperialist countries</i>	54.6%	41%	35.4%
<i>Developing countries</i>	35.2%	28.1%	29.3%

Table 26: Geographical Distribution of Foreign Direct Investments of Western Europe, USA and Japan, 1975 (in %) ²³⁸

<i>Capital importing countries</i>	<i>Capital exporting countries</i>		
	Western Europe	USA	Japan
<i>Western Europe</i>	35.0%	37.3%	15.8%
<i>USA</i>	16.6%	-	21.5%
<i>Japan</i>	1.2%	2.5%	-
<i>Other imperialist countries</i>	17.2%	28.6%	7.7%
<i>Developing countries</i>	30.0%	31.6%	55.0%

²³⁵ Angus Maddison: The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006, p. 101, our calculations. Advanced Capitalist Nations are: Europe, Northern America and Australia. Colonial and Semi-colonial Nations are: Latin America, Asia and Africa. Maddison notes that the sum of the shares for 1938 does not show the result of 100% since the total sum includes investments which are not classified by region.

²³⁶ Hans Tammer (Hrsg.): Anschauungsmaterial. Politische Ökonomie, Kapitalismus, Berlin 1984, p. 103

²³⁷ Hans Tammer (Hrsg.): Anschauungsmaterial. Politische Ökonomie, Kapitalismus, p. 104

²³⁸ Autorenkollektiv unter Leitung von N.N. Inosemzew, W.A. Martynow, S.M. Nikitin: Lenins Imperialismustheorie und die Gegenwart (1977), Berlin 1980, p. 142

What were the main reasons for this development? There were several. First and foremost the imperialist World War II (in addition to the consequences of World War I and the Great Depression from 1929 on) led to a massive destruction of capital in important imperialist centers (Europe and Japan). Indeed these destructions were the most important factor for the so-called “Economic Miracle”, i.e. the Long Boom in the 1950s and 1960s.²³⁹ As a result massive capital – in particular from the leading capitalist power, USA – went to Europe and Japan to rebuild the economy.

In this context it is important to bear in mind that capital export is not capital export. As we will show later the purpose of capital export from one imperialist country to another is often to take over a rival company. In other words it is motivated by the sharpening rivalry between the monopolies. Imperialist capital export to the semi-colonial countries is significantly motivated by the opportunity to build new investments for the production of extra-profit.

In addition to this in the period after World War II, there were a number of anti-colonial liberation struggles which were to a certain degree successful and led to the creation of formally independent, semi-colonial states. Given the background in this period – the expansion of the Stalinist degenerated workers states and the Cold War – the semi-colonial bourgeoisie had a certain degree of room for maneuver. This resulted in partial nationalization of imperialist companies, higher tariffs (Import-substituting Industrialization) etc. As a result the environment for the imperialist monopolies to invest in these countries became less favorable and more insecure.

However this was only a temporary phenomenon as we can see in table 27 and as will elaborate later more in detail.²⁴⁰

And secondly, despite all these specific circumstances imperialist capital export towards the semi-colonial world still played an important role for the creation of extra-profits. The share of semi-colonial countries as destiny for the monopolies capital export was always higher than their share in the world economy – even in the 1950s and 1960s.

Table 27: Gross Value of Foreign Capital in Developing Countries 1870-1998 (in Billion US-Dollars and percent)²⁴¹

	1870	1914	1950	1973	1998
Total in 1990 Prices	40.1	235.4	63.2	495.2	3030.7
Stock as percent of Developing Country GDP	8.6%	32.4%	4.4%	10.9%	21.7%

²³⁹ We made this point already in Keith Hassel: Revolutionary Theory and Imperialism, in: Permanent Revolution (Journal of Workers Power Britain), No. 8 (1989)

²⁴⁰ See on this issue also our article: Arbeiterstandpunkt: Von der Unterentwicklung zur Entwicklung – und wieder zurück? in: Arbeiterstandpunkt Nr. 14 (1988)

²⁴¹ Angus Maddison: The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006, p. 128

For example: In 1965 the Third World had a Gross Social Product of \$230 billion while the World Gross Social Product was around \$2,000 billion. This means that the semi-colonies had a share of 11.5% of the global product. Nevertheless one third of the total foreign investment went to the South.²⁴² Another indication of this is that fact that already in the early 1990s, when globalization was still in an early stage, already 1/3 of the 6 million workers employed by the American multinationals abroad were in the developing countries.²⁴³

So we see that monopoly capital directed their foreign investment much more towards the semi-colonial countries than their weight in the world economy would suggest. What was the reason for this? It was obviously – and we will prove this later with figures – that in these countries the monopoly capitalists can expect a higher average rate of profit.

In addition one also has to recall that imperialist monopoly capital has always played a decisive role in the semi-colonial economies. This is not only true for the period of globalisation when capital export to the South accelerated, but already in the 1950s and 1960. A study of Mexico in the early 1960s showed that out of the 100 major companies 56 were either controlled by foreign owners or had a large share of foreign capital. In 1970 – according to another study – 45.4% of the largest 290 manufacturing enterprises were in foreign hands. Data of Brazil in the 1960s demonstrates that there was a similar dominance: 31 of the 50 largest private enterprises were controlled by imperialist capital. Out of 276 big companies more than half were controlled by foreign owners.²⁴⁴

In the 1950s and 1960s – i.e. the years when the Third World became independent capitalist states losing any colonial character according to the centrist theoreticians of the SWP/IST et al. – the semi-colonies had to pay an increasing proportion of their income to the imperialists. Latin American countries had to pay 7.2% of the value of exports for servicing their external debts in 1950-54. In 1965-69 this proportion had grown to 23.8% while in the same period servicing of private investment rose from 11.3 to 13.2%.²⁴⁵

In the following tables we give an overview how foreign direct investment has developed in the last three decades. (See Tables 28, 29 and 30 as well as Figure 35)

²⁴² Marcello de Cecco: Der Einfluß der multinationalen Gesellschaften auf die Wirtschaftspolitik der unterentwickelten Länder; in: Kapitalismus in den siebziger Jahren. Referate zum Kongreß in Tilburg im September 1970, Frankfurt 1971, p. 175

²⁴³ Morris Miller: Where Is Global Interdependence Taking Us?: Why We Need A „New (Improved) Bretton Woods“; From „Social Tensions & Armed Conflict: Ethnic & Other Aspects“, Panel: Global interdependence in economic & financial matters“, Pugwash, Nova Scotia, July 28-31, 1994 <http://www.ncrb.unac.org/unreform/archive/globalization.html>

²⁴⁴ Celso Furtado: Economic Development of Latin America. Historical Background and contemporary problems, New York 1984, pp. 204-206

²⁴⁵ Celso Furtado: Economic Development of Latin America. Historical Background and contemporary problems, New York 1984, p. 220

Table 28: Geographical Distribution of Inward Foreign Direct Investments Stock, 1967-1997 (in percent) ²⁴⁶

	<i>Developed Countries</i>	<i>Developing Countries</i>	<i>Central & Eastern Europe</i>
1967	69.4%	30.6%	-
1985	72.3%	27.7%	-
1990	79.3%	20.6%	0.1%
1997	68%	30.2%	1.8%

Table 29: FDI Stock, by Region and Economy, 1990-2011 (Billions of dollars) ²⁴⁷

<i>Region</i>	<i>FDI inward stock</i>			<i>FDI outward stock</i>		
	<i>1990</i>	<i>2000</i>	<i>2011</i>	<i>1990</i>	<i>2000</i>	<i>2011</i>
World	2.081	7.445	20.438	2.094	7.962	21.168
Developed Nations	1.563	5.653	13.055	1.948	7.083	7.055
Developing Nations	517	1.731	6.625	145	857	3.705
Developing Asia	343	1.072	3.991	67	608	2.573
China	21	193	712	4	28	366
Hong Kong	202	455	1.138	12	388	1.046
India	1	16	202	0.1	1.7	111
Developing Africa	60	154	570	20	44	126
South Africa	9	43	130	15	32	72
Latin America and the Caribbean	111	502	2.048	57	204	1.005
Argentina	9	67	95	6	21	31
Brazil	37	122	670	41	51	203
Mexico	22	97	302	2	8	112
South-East Europe and the CIS ("Transition Economies")	-	60	757	-	21	407
Russia	-	32	457	-	20	362

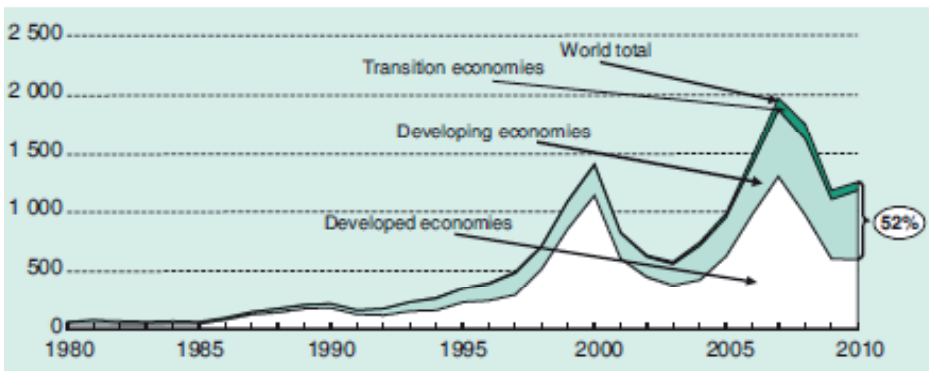
²⁴⁶ See Robert Went: Ein Gespenst geht um... Globalisierung! Eine Analyse, Zürich 1997, S. 57 and Robert Went: Globalization. Neoliberal Challenge, Radical Responses, London 2000, p. 45

²⁴⁷ UNCTAD: World Investment Report 2012, pp. 173-176

Table 30: FDI Stock, by Region and Economy, 1980-2011
(share of global FDI stock in percent) ²⁴⁸

Region	FDI inward stock				FDI outward stock			
	1980	1990	2000	2011	1980	1990	2000	2011
World	100	100	100	100	100	100	100	100
Developed Nations	75.6	75.1	75.9	63.9	87.3	93	88.9	80.6
Developing Nations	24.4	24.8	23.3	32.5	12.7	6.9	10.7	17.4
Developing Asia	10.5	16.5	14.4	19.6	2.9	3.2	7.6	12.1
China	-	1	2.6	3.5	-	0.2	0.4	1.7
Hong Kong	-	9.7	6.1	5.6	-	0.6	4.9	4.9
Developing Africa	6.9	2.9	2	2.8	1.3	0.9	0.6	0.6
Latin America and the Caribbean	7.1	5.3	6.5	10	8.5	2.7	2.6	4.7
South-East Europe and the CIS ("Transition Economies")	-	-	0.8	3.8	-	-	0.3	1.9
Russia	-	-	0.4	2.2	-	-	0.3	1.7

Figure 35: FDI Inflows, World and Group of Economies, 1980-2010 (in Billion US-Dollars) ²⁴⁹



²⁴⁸ UNCTAD: World Investment Report 2012, pp. 173-176; UNCTAD: World Investment Report 2011, pp. 191-193; our own calculation. For the year 1980 we took the figures from UNCTAD: World Investment Report 2006, p. 7

²⁴⁹ UNCTAD: World Investment Report 2011, p. 3

These tables give a comprehensive overview of the development of the distribution of the world-wide foreign investment stock in the past 30 years. It shows that the position of the classic imperialist countries – Northern America, Western Europe and Japan – as capital exporting nations has declined to a certain degree between 1980 and 2011 (from 87.3% to 80.6%). This reflects the fact that in the past 10-15 years two new imperialist powers—China and Russia – have emerged. Their shares in global FDI stock rose between 1990 and 2011 from 0.8% to 6.6% (China including Hong Kong) respectively from zero to 1.7% (Russia).

Considerably bigger was the decline of the classic imperialist countries as destinations of capital export. Their share declined by 11.2% between 1990 and 2011 (from 75.1% to 63.9%). At the same time the share of the developing countries in inward FDI rose from 24.8% to 32.5%. This indicates that the role of the semi-colonial countries as destinations for imperialist capital export and that the desire of monopoly capital to get a higher profit rate has been growing in the past decades.²⁵⁰

The tables also show the following interesting fact; while China (including Hong Kong) gets a significant share of the global FDI, the statistics show that the important change which took place in the last two decades was not the rise of FDI which went to China. As the table shows, China's share (including Hong Kong) of inward FDI even slightly declined from 10.7% to 9.1% between 1990 and 2011. As mentioned above the significant change was rather the enormously rising share of China in outward FDI from 0.8% to 6.6% in the same period. In other words, China has become a major exporter of capital towards other countries. These figures prove clearly the thesis of Marxists that China has transformed in the 2000s to become an emerging imperialist power.

Hence – as we can see from the same tables – the rising share of the developing countries in inward FDI between 1990 and 2011 was not caused by China but mostly by the rising share of semi-colonial countries.

Finally we want to look to the role of capital export both for the imperialist countries and for the semi-colonies. As we wrote some years ago globalization is internationalization of production and trade under the growing dominance of monopoly capital. *“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*

²⁵⁰ We have already pointed out this development in our study of globalization some years ago. See Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapitalismus; in: Revolutionärer Marxismus 39, August 2009, pp. 69-70, <http://www.arbeitermacht.de/rm/rm39/rm39imperialismus.htm>; in English: Michael Pröbsting: Imperialism and the Decline of Capitalism (2008), in: Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), p. 98, <http://www.fifthinternational.org/content/imperialism-and-decline-capitalism>

*but also, and especially, on the world market.”*²⁵¹

As a result the role of foreign direct investment in the capital accumulation in all types of countries is massively growing. This becomes evident from the following tables 31, 32 and 33 which give an overview of the role of FDI in “Gross Fixed Capital Formation” from 1980 till 2010.

These tables show several things. First, they demonstrate the internationalization of production and hence the utopia of nationally isolated solutions. The Stalinist dogma of the possibility to build socialism (and even communism) in one isolated country is today even more absurd than it was already 80 years ago.

Secondly, it shows the importance of capital export for the imperialist countries. Between 1/7 and 1/5 of their accumulated capital move into other countries in their desire for higher profits. Thirdly, the tables indicate the rising weight of the imperialist monopolies in the semi-colonial economies. The share of foreign capital in the total social capital in the semi-colonial regions has risen dramatically in the last two decades, so that imperialist capital is now directly responsible for between 1/10 and 1/8 of capital accumulation in semi-colonial Asia, 1/6 and 1/4 in Africa and Latin America and 1/9 and 1/5 in Eastern Europe and the former Soviet Union. Of course the position of foreign monopolies also rises in the imperialist countries themselves, but here it does not have the character of foreign domination or subjugation as it is the case with the capitalistically less developed nations.

Table 31: FDI Inflows as a Percentage of Gross Fixed Capital Formation, 1980-1990²⁵²

<i>Region</i>	<i>1980-82</i>	<i>1981-85</i>	<i>1986-90</i>
Developed economies	2.9%	2.3%	4.4%
Developing Economies	6.0%	2.4%	2.7%
Africa	6.1%	2.5%	3.7%
Latin America and the Caribbean	6.0%	5.6%	3.6%
Developing Asia	5.9%	2.0%	3.5%

²⁵¹ Michael Pröbsting: *Imperialismus, Globalisierung und der Niedergang des Kapitalismus*, p. 68, in English: Michael Pröbsting: *Imperialism and the Decline of Capitalism* (2008), in: Richard Brenner, Michael Pröbsting, Keith Spencer: *The Credit Crunch - A Marxist Analysis* (2008), p. 96

²⁵² UNCTAD: *World Investment Report 1991*, p. 8 and UNCTAD: *World Investment Report 1994*, pp. 422-424. For the years 1981-1990 we took East, South and South-East-Asia for Developing Asia since this issue of the UNCTAD World Investment Report does not provide figures for the latter category.

Table 32: FDI Inflows as a Percentage of Gross Fixed Capital Formation, 1990-2010 ²⁵³

<i>Region</i>	<i>1990</i>	<i>1992</i>	<i>1994</i>	<i>1996</i>	<i>1998</i>	<i>2000</i>	<i>2002</i>	<i>2004</i>	<i>2006</i>	<i>2008</i>	<i>2010</i>
Developed economies	4.2	2.4	3.2	4.6	10.1	20.0	8.7	6.5	13.2	11.3	8.4
Developing Economies	4.0	5.0	8.1	9.1	12.6	15.9	10.4	12.5	12.9	13.4	9.6
Africa	3.0	4.3	8.0	6.1	9.4	11.0	15.7	14.8	22.3	23.7	15.9
Latin America and the Caribbean	4.2	6.6	8.7	12.8	20.2	24.7	17.5	23.8	16.0	22.7	16.6
Developing Asia	4.0	4.6	7.9	8.2	9.7	13.2	8.1	9.8	11.4	10.1	7.6
South-East Europe and CIS	-	1.0	1.7	5.3	10.5	9.9	11.1	17.5	17.6	22.2	15.0

²⁵³ UNCTAD: World Investment Report 2011; Annex Tables, Web table 5. FDI inflows as a percentage of gross fixed capital formation, 1990-2010, Web www.unctad.org/wir. It is however necessary to draw the reader's attention to some problems with these UNCTAD statistics.

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. The UNCTAD statistics also use the distorted figures of FDI of Hong Kong and China, where in fact until 2008 a significant proportion of this was Chinese capital moved to Hong Kong and re-invested in China as "foreign investment" to get tax privileges. (More on this in "A Note on Hong Kong's Role in Foreign Direct Investment" in Chapter 10).

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.

Excuse: Capital Export and Capital Export is not the same

In the discussion about FDI and Capital Export there are important issues to consider. As we see one of the major arguments of the SWP/IST – repeating the ideas of most bourgeois economists – is, that the capital export from the metropolises to the semi-colonies is only a minority share amongst the total capital export.

This argument ignores important differences in the character of capital export between imperialist countries and between imperialist and semi-colonial countries as we have already pointed out somewhere else.²⁵⁴ Capital export to the semi-colonies has as its cause mainly the attempt of monopoly capital *to raise its profit rate via getting extra-profits*. The increase of such capital export is the result of the declining profit rates in the imperialist centres since the 1970s and the attempt by capital to counter this through investment and trade with less developed capitalist economies.

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 other monopolies. This is the explanation why an important part of FDI between the imperialist states is not new investment or expansion (called “*Greenfield*” by bourgeois economists) but serves only to finance the takeover of other corporations (called “*Mergers & Acquisitions*” or M&A). An indication for this is the fact that while most of the M&A take place in the classic imperialist countries – Northern America, EU-15 and Japan – industrial production, as we have shown in Table 3, has virtually stagnated in the past decade or even declined.

Therefore, while capital export between imperialist states also has raising

Table 33: FDI Outflows as a percentage of Gross Fixed Capital Formation, 1990-2010²⁵⁵

<i>Region</i>	<i>1990</i>	<i>1992</i>	<i>1994</i>	<i>1996</i>	<i>1998</i>	<i>2000</i>	<i>2002</i>	<i>2004</i>	<i>2006</i>	<i>2008</i>	<i>2010</i>
<i>Developed economies</i>	5.8	4.0	5.4	6.6	12.6	19.3	9.5	12.4	15.6	18.1	13.0
<i>Developing Economies</i>	1.4	2.3	3.8	4.1	3.3	8.5	3.0	5.3	6.9	6.3	5.5

²⁵⁴ Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapitalismus; in: Revolutionärer Marxismus Nr. 39 (2008), p. 69; in English: Michael Pröbsting: Imperialism and the Decline of Capitalism; in: Richard Brenner / Michael Pröbsting: The Credit Crunch (2008), p. 97

²⁵⁵ UNCTAD: World Investment Report 2011; Annex Tables, Web table 6. FDI outflows as a percentage of gross fixed capital formation, 1990-2010, Web www.unctad.org/wir

profits as its final goal, the way to achieve this is not so much via creation of extra-profits via super-exploitation but by strengthening their monopoly control over the market and hence to raise their monopoly profits (which of course is above the average rate of profits).

This differentiation must be understood in a dialectical way as tendencies, not as an impenetrable Chinese wall. Monopolistic capital export towards semi-colonial countries for centralisation of capital also takes place – in particular given the wave of privatisation of nationalised enterprises which has taken place in the South since the 1980s. Therefore a significant proportion of FDI towards the semi-colonial countries is also M&A. However the qualitatively different proportions of M&A and Greenfield Investment indicate a difference in the monopolies capital export towards the imperialist and the semi-colonial parts of the world economy.

Without understanding this differentiation between the concrete function of capital export one ends up in confusion and in misunderstanding the specific character of imperialism. In a discussion on the draft programme for the Bolshevik Party in 1917, Lenin already pointed out this necessary differentiation of the role of capital export towards imperialist and towards (semi-)colonial countries:

*“In Comrade Sokolnikov’s draft, we find a mere reference to the “export of capital” in one place, while in another, and in an entirely different connection, we read of “new countries which are fields for the utilisation of capital exported in search of superprofits”. It is difficult to accept as correct the statement on superprofits and new countries since capital has also been exported from Germany to Italy, from France to Switzerland, etc. Under imperialism, capital has begun to be exported to the old countries as well, and not for superprofits alone. What is true with regard to the new countries is not true with regard to the export of capital in general.”*²⁵⁶

A concrete look to available statistics confirms our differentiation between the role of monopolistically driven capital export towards other imperialist countries which is often for the purpose of merger and acquisition, and the capital export towards semi-colonial economies in which new investments play a much more significant role.

The Marxist economist Andrew Glyn reported a few years ago: *“Well over half of FDI inflows into OECD countries represent cross-border mergers and acquisitions rather than companies setting up factories or offices from scratch.”*²⁵⁷

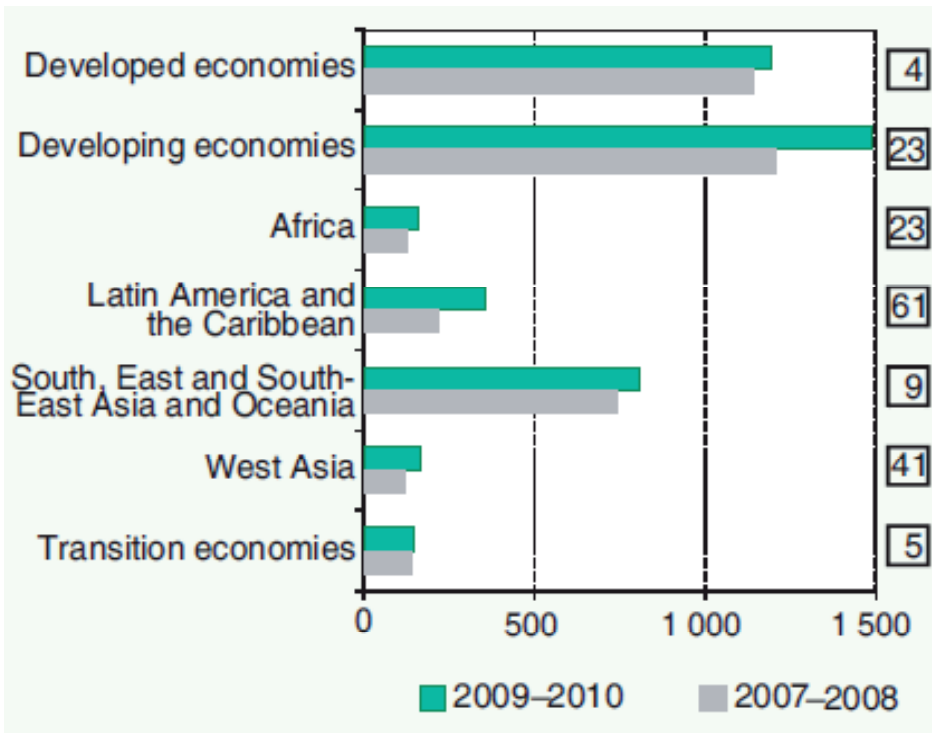
In its annual *World Investment Report* in 2000 UNCTAD reported even that in the year prior 4/5 of the total world FDI flows were cross-border M&As. A similar figure is given by Éric Toussaint in Table 34 which shows that US foreign investment in the 1980s was about 6 times as much in Acquisitions than in new investment.

²⁵⁶ W. I. Lenin: Revision of the Party Programme (1916); in: LCW Vol. 26, pp. 165-166

²⁵⁷ Andrew Glyn: *Capitalism Unleashed. Finance, Globalization, and Welfare*, New York 2006, p. 101

Table 34: Company Acquisitions and Creation by Foreign Capital in the US, 1983-1989 ²⁵⁸

	1983	1985	1987	1989
<i>Acquisitions by value (\$billions)</i>	5	20	34	60
<i>Creation by value (\$billions)</i>	3	3	6	9
<i>Ratio of value of Acquisitions to Creation</i>	1,6	6,6	5,6	6,6

Figure 36: Greenfield Investments by the largest 100 TNCs in the World, by host Region, 2007–2008 and 2009–2010 (Number of Projects and percent change between Periods) ²⁵⁹

²⁵⁸ Éric Toussaint: Your Money or your Life. The Tyranny of the Global Finance; Brussels 1999, p. 32

²⁵⁹ UNCTAD: World Investment Report 2011, p. 28

This also shows again that globalization is strongly motivated by the monopolies drive to appropriate an ever increasing sector of the economy via international centralization of capital. UNCTAD notes the difference between FDI towards imperialist and toward semi-colonial countries:

*“M&As are particularly significant as a mode of entry for FDI in developed countries. In the developing world, Greenfield FDI is still dominant. FDI flows to developing countries associated with M&As have been on the rise, however, their value increased roughly from one-tenth of the value of total FDI inflows at the end of the 1980s to one-third at the end of the 1990s.”*²⁶⁰

In its *World Investment Report 2011* UNCTAD stressed the difference again. While more than 2/3 of the total value of Greenfield investment is directed to the so-called developing economies, only 25% of cross-border M&As are undertaken there. It concludes: *“Developing and transition economies tend to host greenfield investment rather than crossborder M&As.”*²⁶¹

UNCTAD also points out the importance of Greenfield Investment in the so-called developing countries for the biggest international monopolies – the “Transnational Corporations” (TNC) – and the extra-profit which they derive from these regions. (See also Figure 36)

*“Corporate profits, which were slashed by the crisis, have rebounded sharply for many of the largest TNCs in the world. The swift economic recovery of the largest developing economies played an important role in restoring these firms to income growth. In some cases, income from developing and transition economies has grown to account for a significant share of TNCs’ operating income. This trend spans industries, with TNCs as varied as Coca-Cola (United States), Holcim (Switzerland), and Toyota Motors (Japan) deriving more than one-third of their operating income from developing economies. Investment activity by the 100 largest TNCs in the world has now shifted decidedly towards developing and transition economies. Comparing international greenfield projects between 2007–2008 and 2009–2010, the number of projects targeting these economies increased by 23 per cent, compared to only a 4 per cent rise in developed economies. While investments in developing Asia have dominated, growing poles of investment are now discernible in Latin America and in Africa. Metro AG (Germany) is pursuing growth in both developing and transition economies, opening new stores in the Russian Federation (17), China (7), Kazakhstan (4), and Viet Nam (4) during 2010, while closing stores in developed markets in Europe. General Electric (United States), the world’s largest TNC in terms of foreign assets, is also emblematic of this shift, having announced recently that it intends to intensify its focus on emerging markets – which account for 40 per cent of the firm’s industrial revenues – in order to reduce costs and increase revenue growth”*²⁶²

We finish now with this first overview. We think it has been proven clearly

²⁶⁰ UNCTAD: *World Investment Report 2000*, p. XX; see also UNCTAD: *World Investment Report 1995*, p. 145

²⁶¹ UNCTAD: *World Investment Report 2011*, p. 10

²⁶² UNCTAD: *World Investment Report 2011*, pp. 26-28

that the imperialist super-exploitation of the semi-colonial world is not a rather peripherally, secondary phenomenon. Quite the opposite, its dimensions are huge and increasing. They are obviously of major importance for the so called Third World but – as we will show in more detail – they are also essential for the imperialist monopolies.

Chapter 8: The Various Forms of Imperialist Super-Exploitation of the Semi-Colonial Countries and their Development in the past Decades (Part 2)

We will deal now with the various forms of imperialist super-exploitation of the semi-colonial countries more in detail. Let us recall the four categories we identified as the forms in which the value appropriation by the imperialist monopolies from the semi-colonial world takes place:

- i) Extra profits via capital export as productive investment
- ii) Extra profits via capital export as money capital (loans, currency reserves, speculation etc.)
- iii) Value transfer via unequal exchange
- iv) Value transfer via migration, i.e. the import of relatively cheaper labor force to the imperialist metropolises from the semi-colonies

i) Extra Profits via Capital Export as Productive Investment

Monopoly capital in the era of globalization is increasingly dependent on its world-wide operations to increase profit. A study published by a foundation close to Big Business gives the following figures about the dramatic increase of US multinationals' profit originated by its foreign affiliates: While foreign affiliates accounted for 17% in 1977 of the worldwide net income of U.S. multinationals., this figure rose to 27% in 1994 and a startling 48.6% in 2006 — i.e. nearly half! The study commented: *“Indeed, U.S. multinationals across many industries have recently offset slowing U.S. sales and profits with stronger sales and profit growth outside America—especially in fast-growing countries such as China and India.”*²⁶³

As we already pointed out, the imperialist monopolies can expect a high rate of profit in the semi-colonial countries because of the lower organic composition of capital and the favorable conditions for exploitation. As a result monopolies can gain a huge extra profit by using their advanced machinery and patents in combination with employment of cheap labor forces from the semi-colonies.

The following Figure 37 shows the enormous differences between the wages in the North and the South.

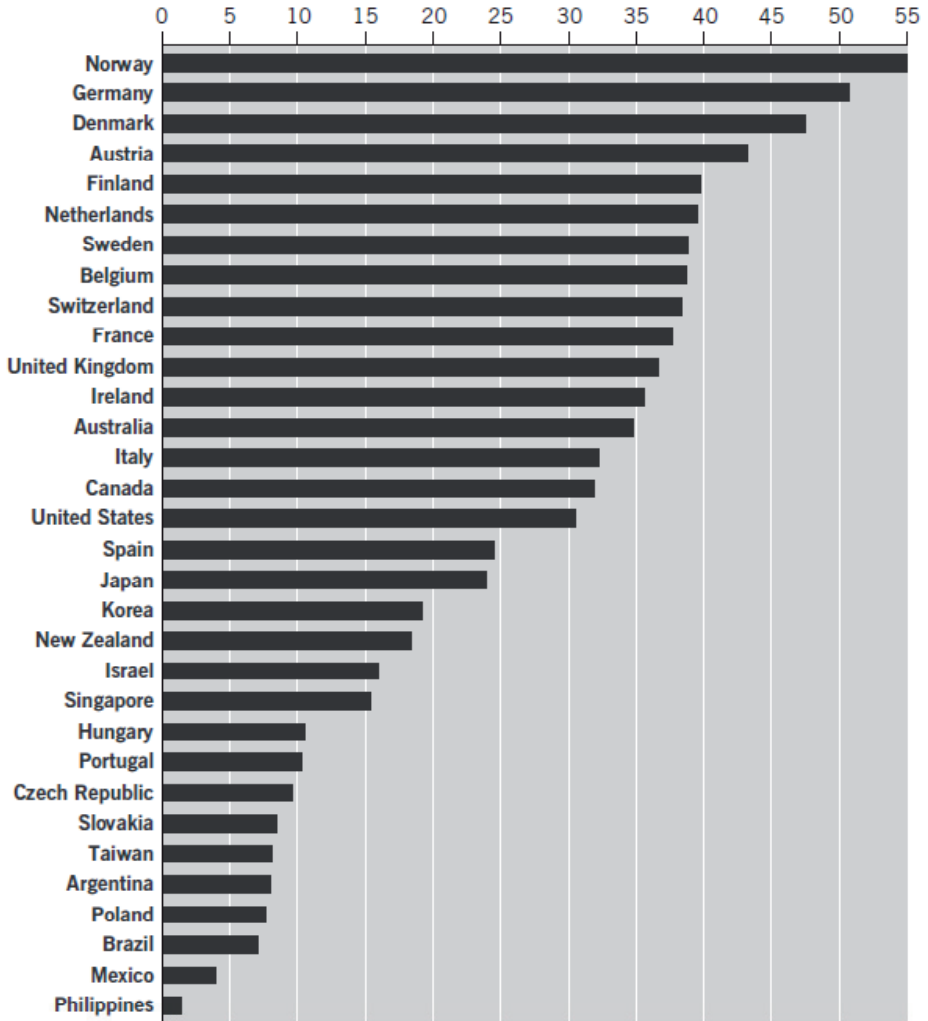
In Figure 38 we see the wages of industrial workers in various imperialist and semi-colonial countries compared with the mean wages of US industrial workers. In the year 2005 the mean wage of workers in India was about 3.1% of the US level. Workers in the Philippines get about 3.6% of the U.S. level and

²⁶³ Matthew J. Slaughter: How U.S. Multinational Companies Strengthen the U.S. Economy (2009), Published by Business Roundtable and The United States Council Foundation, p. 16

those in Sri Lanka only 2.3%. We can see also that Mexican workers only get about 1/10 of the wages of US workers. Similarly, the level of Eastern European workers wages is only about 18% of its colleagues in the Euro Area.

Let us give a practical example of the huge advantages for the monopolies of the exploitation of the workers in the semi-colonial countries. The US socialist

Figure 37: Geographical Differences between the Hourly Wages in Manufacturing, 2008 (in US-Dollars)²⁶⁴



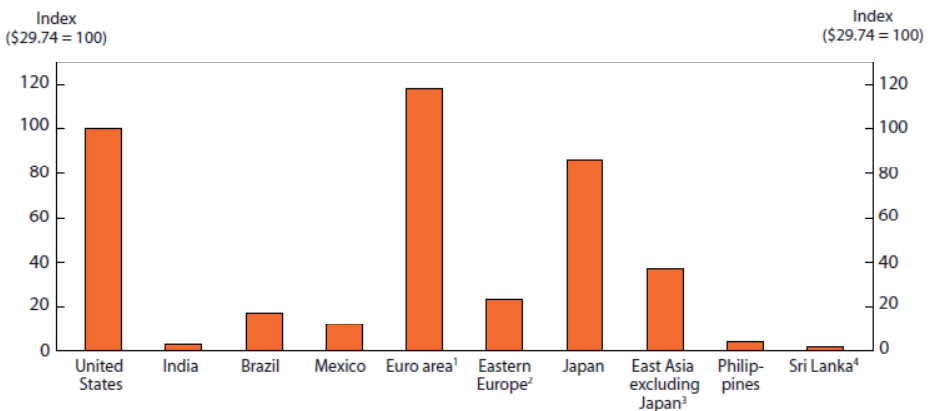
²⁶⁴ Peter Dicken: *Global Shift. Mapping The Changing Contours Of The World Economy* (Sixth Edition), The Guilford Press, New York 2011, p. 115

economist Doug Henwood showed in a study that in Mexico the US owned plants are 85% as productive as plants in the USA. But the capitalists have to pay the Mexican workers only 6% of the wages of their North American counterparts!²⁶⁵

In the following we reproduce a number of figures on the time since the end of World War II, which demonstrates that in all periods, monopoly capital could appropriate higher rates of profits in the semi-colonial countries than in their imperialist home countries. They also show that a significant proportion of these profits are not reinvested or even consumed in the country where the profits are created (i.e. the semi-colonies) but are rather repatriated to the home countries of the multinational corporations.

A team of Soviet economists published a study in 1970 which showed the important differences in the profit rate of foreign investment for the imperialist monopolies. They presented figures for the mid-1960s which demonstrated that US monopolies derived a profit rate of 8.7% from foreign investment in other imperialist countries, but got a profit rate of 18.1% in the semi-colonial countries. British monopolies received a profit rate of 8.3% at home, but got a profit rate of 15% in its former colony India. At the same time Indian capital achieved only a profit rate of 10% at home.²⁶⁶

Figure 38: Mean Total Hourly Compensation Costs of Manufacturing Employees, selected Countries and Regions, 2005²⁶⁷



²⁶⁵ Doug Henwood: Clinton's Trade Policy; in: Fred Rosen and Deidre McFadyen: Free Trade and Economic Restructuring in Latin America, New York 1995, p. 33

²⁶⁶ S.N. Beljajewa, E.M. Waschenzewa, I.I. Ermolowitsch, M.M. Koptew, E.I. Korezkaja, W.N. Kuwaldin, W.W. Mestscherjakow (Autorenkollektiv): Politische Ökonomie - Kapitalismus (1970), Berlin 1973, p. 112

²⁶⁷ Jessica R. Sincavage, Carl Haub, O.P. Sharma: Labor costs in India's organized manufacturing sector, in: Monthly Labor Review, May 2010, p. 13

The Syrian-born academic Bassam Tibi completed a study about the different profit rates of US corporations in the mining and petroleum industry between 1950 and 1970 in the imperialist and the semi-colonial countries. He showed that the profit rates were considerable higher in the semi-colonial countries. (See Table 35)

Pierre Jalée reported in his book on imperialism about a study which shows that the oil corporations had profit rates in the semi-colonial world between 61% and 114% while they were only about 7.2% in Western Europe.²⁶⁸

Another figure was given by the Brazilian left-wing economist Theotonio Dos Santos. He calculated that between 1946 and 1968 the USA exported to Latin America 5.5 billion US Dollars while at the same time 15 billion were transferred from Latin America to the USA as dividends, interest made by these investments.²⁶⁹

Table 35: Profit rates of Direct Investment of US corporations in Imperialist and Semi-Colonial Countries, 1951-1970 (in %) ²⁷⁰

	<i>Semi-Colonial Countries</i>	<i>Imperialist Countries</i>
Mining Industry		
1951-1960	13.5%	11.1%
1961-1970	18.9%	11.2%
Petroleum Industry		
1951-1960	29.3%	6.5%
1961-1970	26.9%	2.8%

Table 36: Extra profits of US Monopolies in the Semi-Colonial World: Relation between Declared Profits and Nominal Value of US Investments Abroad (in %) ²⁷¹

	<i>1970</i>	<i>1975</i>
Profit from investment in developed capitalist countries	8.8%	10.7%
Profit from investment in developing capitalist countries	15.3%	21.4%
Profit from investment in oil industry in developing capitalist countries	23.7%	35,0%

²⁶⁸ Pierre Jalée: Das neueste Stadium des Imperialismus (1969), München 1971, p. 30

²⁶⁹ Reported in Ernest Mandel: Late Capitalism. London 1975, p. 65

²⁷⁰ Bassam Tibi: Die Rohstoffe der Peripherie-Länder und der Reproduktionsprozeß der Metropolen: Das Beispiel Erdöl; in: Volker Brandes (Hrsg.): Perspektiven des Kapitalismus. Handbuch 1, Frankfurt a.M. 1974, p. 108

²⁷¹ Hans Tammer (Hrsg.): Anschauungsmaterial. Politische Ökonomie, Kapitalismus, Berlin 1984, p. 105

In a more general study Eastern German and Soviet economists calculated the different profit rates for US monopolies in the 1970s in the semi-colonial and imperialist world. According to them the monopolies profit rates were about double as high from investment in the semi-colonial countries than they were in the metropolises. (See Table 36)

UNCTAD reported in 2003 that the rate of returns on Foreign Direct Investment *“were consistently higher in developing countries (5.8%) than in developed (4.4%) and CEE countries (3.9%) since the beginning of the 1990s.”*²⁷²

Table 37: Rates of Return on US Direct Investment Overseas, 2006-2009 (in %) ²⁷³

	2006	2007	2008	2009
Average for all countries	12.9%	12.8%	12.3%	9.7%
Europe	11.8%	11.4%	10.9%	9.1%
France	9.4%	8.0%	6.7%	2.9%
Germany	8.3%	9.6%	8.0%	5.2%
United Kingdom	7.1%	5.1%	6.2%	4.9%
Latin America	13.4%	14.9%	13.7%	11.0%
Brazil	16.3%	18.5%	20.5%	14.6%
Chile	13.4%	35.3%	28.3%	30.0%
Venezuela	28.0%	9.0%	20.0%	19.2%
Africa	28.3%	22.1%	19.5%	12.4%
Egypt	19.7%	22.9%	22.9%	16.5%
Nigeria	114.7%	74.9%	59.8%	23.4%
Tunisia	10.0%	21.5%	23.6%	7.0%
Middle East	26.7%	29.2%	30.0%	14.8%
Saudi Arabia	39.9%	50.5%	44.1%	18.3%
United Arab Emirates	16.1%	14.7%	13.0%	10.0%
Asia and Pacific	15.4%	15.7%	13.7%	10.4%
Australia	9.2%	10.3%	9.4%	5.2%
China	22.5%	20.6%	15.8%	13.1%
India	20.1%	18.6%	11.1%	11.2%
Indonesia	34.3%	26.8%	22.2%	20.8%
Japan	9.2%	9.3%	8.2%	8.7%
Korea, Republic of	13.4%	12.8%	14.5%	13.3%
Malaysia	24.9%	27.0%	31.5%	22.3%
Thailand	19.1%	19.2%	20.6%	19.0%

²⁷² UNCTAD: World Investment Report 2003, p. 17

²⁷³ Tony Norfield: What the ‘China Price’ really means, 3.6.2011

The Marxist economist Tony Norfield presents in an interesting article an international comparison of the rates of return on US direct investment overseas for the years 2006-2009. (See Table 37) His calculations prove our thesis that monopoly capital gets a higher profit rate by exploiting workers in the South than in the old imperialist countries. Norfield shows that “in 2009 the global average rate of return calculated was 9.7%. But it was only 3 to 5% in Germany, France and the UK, and close to 20% or above in Chile, Venezuela, Nigeria, Indonesia, Malaysia and Thailand. The average rate of profit earned in the rich countries is far less than that earned in the poor ones, based on the much higher rate of exploitation of labour in poor countries.”²⁷⁴

In this context it is worth pointing out that extra-profits and repatriated earning of the imperialist monopolies do not only originate directly from their capital exports. A large share of their investment is financed by undistributed returns or by local credits which they get with favorable conditions. Theotonio Dos Santos calculated that the net North American investment in Latin America for the years 1957-64 reached 1.5 billion Dollars while actually only 180 million were exported from the USA. The rest arrived from undistributed returns, local credits etc. During the same time 630 million Dollars were transferred from Latin America to the USA.²⁷⁵

We have argued against various centrists that super-exploitation of the semi-colonial world plays an enormous role for the most powerful sector of the capitalist class – the imperialist monopolies. We have said that the extra-profits which they derive from the semi-colonial countries represent a significant proportion of their total profits. In its *World Investment Report 2011* UNCTAD gives a number of figures which underline this fact. As one can see in Figure 39 between 20% and 90% of the biggest monopolies profits – including Anglo American, Toyota, BASF and Nestlé – derive from their investments in the semi-colonies.

Capital export of imperialist monopolies towards the semi-colonial countries is *foreign* investment, investment which is made not by the domestic capitalist class but by another, foreign capitalist class, with origins in the dominating imperialist part of the world. It is the economic foundation of the still existing national oppression of these countries despite their formal independence. As a result the imperialist monopolies repatriate a significant proportion of the profits which they make in the semi-colonial countries back home to the “parent company”.

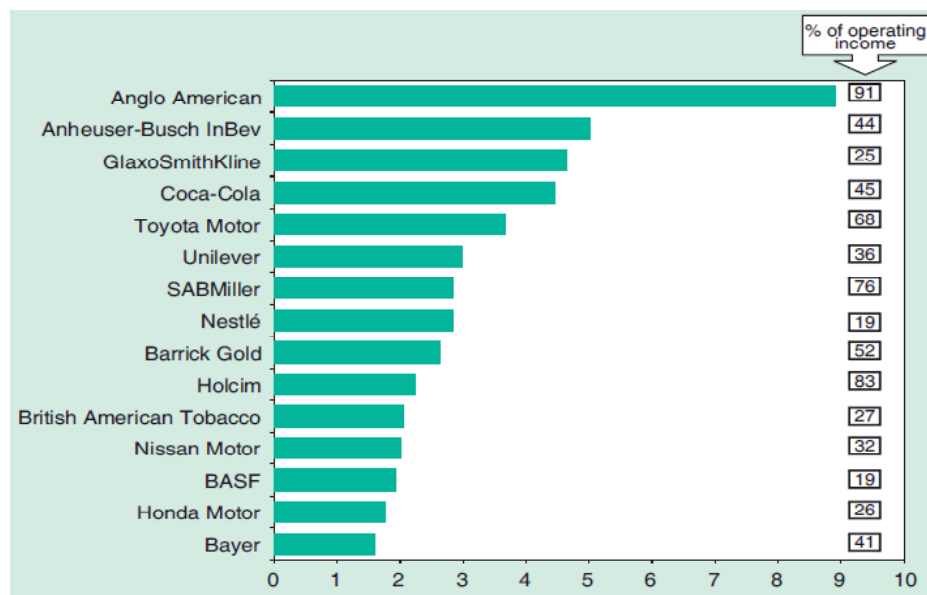
In the following calculation of the development of profits a group of Soviet economists compared the growth of foreign investment and repatriated profits between the imperialist and the semi-colonial countries. They showed that US

²⁷⁴ Tony Norfield: What the ‘China Price’ really means, 3.6.2011, <http://economicsofimperialism.blogspot.co.at/2011/06/what-china-price-really-means.html>

²⁷⁵ Quoted in Ernest Mandel: *Imperialism and National Bourgeoisie in Latin America* (1971); in: *International Vol. 3, No. 1* (Spring 1976), *Theoretical Journal of the International Marxist Group* (British Section of the Fourth International), p. 24

Table 38: Annually Repatriated Profits and Annual Growth of Foreign Investment by US Monopolies, 1950-1966 (in Million US-Dollars) ²⁷⁶

	1950	1960-66
<i>Capital export in imperialist countries</i>		
Annually repatriated profits	438	1263
Annual growth of foreign investment	467	1804
	-29	-541
<i>Capital export in semi-colonial countries</i>		
Annually repatriated profits	845	1986
Annual growth of foreign investment	129	450
	+716	+1536

Figure 39: Operating Profits derived from Operations in Developing and Transition Economies, selected top 100 TNCs, 2010 (Billions of dollars and share of total operating profits) ²⁷⁷

²⁷⁶ S.N. Beljajewa, E.M. Waschenzewa, I.I. Ermolowitsch, M.M. Koptew, E.I. Korezkaja, W.N. Kuwaldin, W.W. Mestscherjakow (Autorenkollektiv): Politische Ökonomie - Kapitalismus (1970), Berlin 1973, p. 112

²⁷⁷ UNCTAD: World Investment Report 2011, p. 27

monopolies were able to repatriate profits from the developing countries which were 4-6 times higher than the additional foreign investment. They also show that profit repatriation from foreign investment in the semi-colonial countries was substantially bigger than from foreign investment in other imperialist countries. (See Table 38)

A survey of ECLA in 1970 shows that the local subsidiaries of US corporations in Latin America in the manufacturing sector repatriated 57% of their profits to the parent company and this figures rose to 79% for all sectors between 1957 and 1965.²⁷⁸

This dynamic of exploitation of the semi-colonial countries via profit repatriation continued in the last decades. Between 1980 and 1992 multinational corporations undertook a net repatriation of profits worth \$122 billion.²⁷⁹ According to official statistics US TNC's received via their foreign direct investment in Latin America a rate of return between 22-34% in the 1990s. On this basis US multinationals repatriated profits of \$157 billion from Latin America to the North.

However it is important to bear in mind that these are all official figures. We stress this point because a significant amount of the profits of the multinational corporations is declared as domestic profits. This is easy for the monopolies to arrange since they control 2/3 of world trade and 1/3 of world trade is intra-firm trade, i.e. trade of commodities inside the same multinational corporation.²⁸⁰ Through price manipulations and other mechanisms the monopoly capitalists can easily distort the official accounting. The anti-imperialist writer James Petras noted in his book *Globalization Unmasked*: "*the real rate of return and profit is much higher, because so much of it is unreported or disguised through transfer-pricing but also because it does not include reinvested profits and is calculated after deduction of taxes, liabilities held by parent corporations, insurance and license fees and royalty payments to the same, and 'adjustments' related to currency valuations.*"²⁸¹

Repatriated profits continued to grow in the last years. Éric Toussaint, a well-known Belgian socialist and anti-imperialist activist and researcher, reported in 2007: "*Capital flight and brain drain from the developing countries to the most industrialised countries have grown over the last few years. The amount of profits repatriated towards the 'parent company' has multiplied by a factor of 4.5 between 2000 and 2006 (from 28 billion in 2000 to 125 billion in 2006)*"²⁸²

²⁷⁸ Celso Furtado: *Economic Development of Latin America. Historical Background and contemporary problems*, New York 1984, p. 201

²⁷⁹ See Éric Toussaint and Denise Comanne: *Globalization and Debt*; in: Éric Toussaint & Peter Drucker (editors): *IMF/World Bank/WTO: The Free Market Fiasco*, IIRE: Notebook for Study and Research No. 24/25, Amsterdam 1995, p. 12

²⁸⁰ Christian Zeller: *Ein neuer Kapitalismus und ein neuer Imperialismus?*; in: Christian Zeller (Hrsg.): *Die globale Enteignungsökonomie*, Münster 2004, p. 97

²⁸¹ James Petras / Henry Veltmeyer: *Globalization Unmasked. Imperialism in the 21st Century*, London 2001, p. 81

²⁸² Éric Toussaint: *The International Situation and the Debt: The new challenges facing CADTM*; 27.8.2007, p. 3

Even one of the major imperialist institutions – the World Bank – has to report about the huge dimensions of profit repatriation of the imperialist monopolies albeit it tries to downplay this factor. Nevertheless they have to admit that the imperialist monopolies could increase their profits – in relation to the economic output of the semi-colonies – by four times from 1990 to 2006. And they also report that the imperialist monopolies repatriate between 2/3 and 4/5 of their profits to their parent company:

“The income earned by multinationals on FDI has risen in tandem with the surge in flows. The value of multinationals’ investments in developing countries reached an estimated \$2.4 trillion in 2006. The income earned on that stock rose from \$74 billion in 2002 to \$210 billion in 2006. FDI income increased from less than 0.5 percent of GDP in developing countries in the early 1990s to almost 2 percent in 2006.

*Not all of this income represents an outflow from developing countries’ balance of payments. The portion of FDI earnings that is repatriated each year has been relatively stable over the past 10 years, averaging 62 percent, down from more than 80 percent in the early 1990s. Repatriated earnings increased from \$28 billion in 2000 to \$125 billion in 2006, but they do not represent a significant burden on the balance of payments. Repatriated earnings have represented about 2 percent of developing countries’ export revenues since 2000.”*²⁸³

This shows that between the past decades profit remittances on Foreign Direct Investment grew much faster than the national output in the semi-colonial countries. This also becomes evident from other World Bank statistics. According to the World Bank’s annual publication *Global Development Finance*, the Gross National Product of the “Developing Countries” grew between 1970 and 1980 from \$1.124 billion to \$2.901 billion, i.e. by +258%. At the same time profit remittances on FDI grew from \$6.5 billion to \$23.8 billion, i.e. by +366%.²⁸⁴ However this discrepancy accelerated even more in the next decades. Between 1990 and 2010 the Gross National Income of the “Developing Countries” grew from \$3.578 billion to \$19.437 billion, i.e. by +543%. At the same time Profit remittances on FDI grew from \$16 billion to \$343 billion, i.e. by +2144%.²⁸⁵

The World Bank described in a report in 2009 the volatile character of the profit repatriation dynamic:

“During the first three quarters of 2008, multinational corporations repatriated growing shares of income from some large countries, leaving less for reinvestment. Repatriation as a percentage of income increased to as much as 70 percent during the second and third quarters of the year, compared with an average of 50 percent in previous quarters. Nevertheless, because of the significant rise in FDI income in 2008, the value of earnings reinvested in the same economies still increased by \$5 billion (to \$47 billion) during the first three quarters of the year compared with the same period a

²⁸³ World Bank: *Global Development Finance* 2007, p. 53

²⁸⁴ World Bank: *Global Development Finance* 1999, p. 160. (Our calculation)

²⁸⁵ World Bank: *Global Development Finance* 2010, p. 24; *Global Development Finance* 2012, p. 40.; our calculation We did not throw the figures from 1970-1980 and 1990-2010 together since the World Bank statisticians used different methods for the calculation of the annual national output.

year earlier. Several factors (such as stable payment of dividends, tax rates, and other regulations) affect corporate decisions to reinvest or repatriate equity earnings. During the previous crises centered in host economies, multinational companies repatriated earnings in excess of current income or called in intra-company loans to reduce their exposure to a country quickly without selling assets. Following the Asian crisis, for example, U.S. multinationals repatriated all their FDI income from the region. Over the last 10 years, by contrast, multinationals have reinvested 30 to 40 percent of their income from foreign operations back into the host country. Reinvested earnings and intra-company loans made up 20 percent and 15 percent of FDI flows to developing countries, respectively”²⁸⁶

Even the share of profits which is not repatriated is not fully used for re-investment. UNCTAD reports in its *World Investment Report 2011*: “However, not all reinvested earnings are actually reinvested in productive capacity. They may be put aside to await better investment opportunities in the future, or to finance other activities, including those that are speculative. About 40 per cent of FDI income was retained as reinvested earnings.”²⁸⁷

Underestimation of surplus value and extra-profits extracted from the South

A significant proportion of the surplus value and extra-profits extracted from the South does not appear in the official statistics as originated in the South but rather in the North. This is particularly the case concerning the multinational corporations. According to a recent OECD Working Paper, economists have come to the broad estimation that one third of world trade is intra-firm, i.e. takes place between the parent and affiliate parts of one and the same multinational corporations.²⁸⁸ However, Peter Dicken, author of an important study on Globalization, believes that this figure is an underestimation. He refers to the calculation that “90 per cent of US exports and imports flow through a US TNC, with roughly 50 per cent of US trade flows occurring between affiliates of the same TNC.”²⁸⁹

There has also been a massive increase in the international production chains by the rise of the multinational corporations. This can be seen by the increasing share of imported inputs in manufacturing production. While this share was about 8% in 1970, it rose to 12% (1980), 18% (1990) and 27% in the year 2000. (See Figure 40)²⁹⁰

²⁸⁶ World Bank, *Global Development Finance 2009*, pp. 51-52

²⁸⁷ UNCTAD: *World Investment Report 2011*, p. 11

²⁸⁸ Rainer Lanz and Sebastian Miroudot: *Intra-Firm Trade: Patterns, Determinants and Policy Implications*, (2011), OECD Trade Policy Working Papers, No. 114, OECD Publishing, <http://dx.doi.org/10.1787/5kg9p39lrwnn-en>, p. 12

²⁸⁹ Peter Dicken: *Global Shift. Mapping The Changing Contours Of The World Economy* (Sixth Edition), The Guilford Press, New York 2011, pp. 20-21

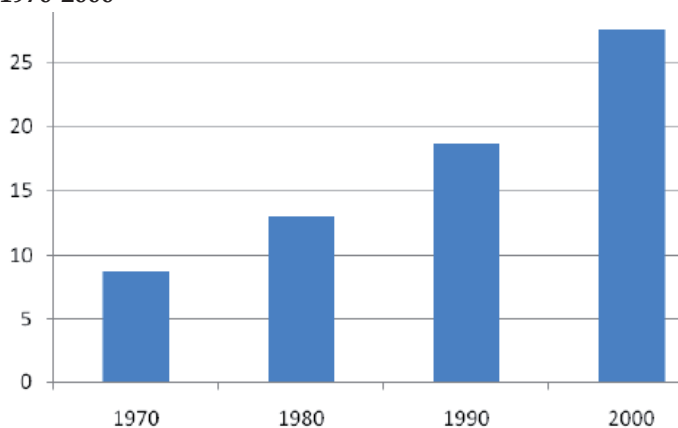
²⁹⁰ Jørgen Elmeskov: *The General Economic Background to the Crisis*, OECD Paper for Session on

There have been some studies which showed that in the official figures of the transnational monopoly corporations the production costs of a given commodity (including wages) in the South only represent a relatively small portion of the total costs. A much bigger proportion appears as costs generated in the North albeit these costs represent unproductive labor (retail, advertising etc.). By this these costs which appear as generated in the North are in reality financed by the surplus value generated in the South. This is even truer for the huge profits which appear again as generated in the North but are based on the surplus value generated in the South. (See Figure 41)

John Smith wrote on this commenting a study on Apple's 30Gb iPod:

"Thanks to research by Greg Linden, Jason Dedrick and Kenneth L. Kraemer, the Apple iPod can serve as a vivid illustration of these international wage differentials and of the broader argument developed in this paper. Linden et al decomposed the costs of production of the Apple iPod into the 'value-added' by managers, designers and retailers in the United States and the 'value-added' by workers employed in the overseas production of its components and their assembly into the finished good. At their time of writing, the 30Gb Apple iPod retailed at \$299, while the total cost of production was \$144.40. The other \$154.60, 52% of the final sale price, represents what the authors call 'gross profits', i.e. revenues, to be divided between retailers, distributors and Apple itself—all of which, it should be noted, counts as 'value-added' generated within the USA and is counted towards US GDP, there is no sign of any cross-border value transfers affecting to the distribution of profits to Apple and its various suppliers. From the perspective of Marx's law of value, most of these activities are non-productive

Figure 40: Share of Imported Inputs in Manufacturing Production, 1970-2000 ²⁹¹



"How the global economy headed into crisis" at the G20 Workshop on the Causes of the Crisis: Key Lessons Mumbai, 24-26 May, 2009, p. 22

²⁹¹ Jørgen Elmeskov: The General Economic Background to the Crisis ..., p. 22

*and their revenues represent surplus value extracted from the actual producers of these commodities (more accurately, they are a fraction of the surplus-value generated across the global economy captured by capitalists involved in the production and sale of iPods)."*²⁹²

A recently published study by several liberal academics on Apple's iPhone 3G which details the production costs and profits allows the same conclusion:

*"Fairly predictably, there is almost no political arithmetic on the social costs of the trans-Pacific chain for the US national economy. The honourable exception is the Asian Development Bank Institute article by Xing and Detert (2010) which presents single product calculations that show how the Apple business model increases the US trade deficit and decreases US employment. The product is the iPhone 3G which in 2009 sold 11.3 million units in the US market and 25.7 million units globally. Xing and Detert's calculate that just one product, the iPhone 3 contributed \$1.9 billion towards the US trade deficit with China; though, when they use assembly value added as the numerator (excluding German, Japanese and US components imported into the PRC for iPhone assembly), the magnitudes are smaller. Their most interesting finding is that Chinese workers add no more than US \$6.5 to each iPhone 3 which is no more than 3.6% of the shipping price of an iPhone. The implication is that the high margin iPhone could be profitably assembled in the United States or any other high wage country and 'it is the profit maximization behaviour of Apple rather than competition that pushes Apple to have all iPhones assembled in the PRC'"*²⁹³

So we have Apple whose owners make a huge gross margin of 72% on each phone but this profit is mostly accounted as generated in the North.²⁹⁴

In Figure 42 we can see that the huge majority of workers which contribute to the production of Apple's commodities are overseas workers, i.e. mostly workers in "developing" countries. The profit however is appropriated by the monopolies and accounted as created in the North.

Apple's iPhones are of course no exception. Herbert Jauch gives a number of examples which suggest a similar mechanism of profit-generating in the South which appears as profits and costs in the North:

*"The retail price for coffee is 7-10 times higher than the import price and about 20 times the price paid to the coffee farmer. Designer shirts produced in South East Asia are sold in Europe for 5-10 times their import price. Less than 2% of the total value of shirts produced in Bangladesh are received by the direct producers as wages. The profit by local companies is equivalent to about 1% of total value. About 70% of the total value in the clothing sector consists of firstly profits of distributors, wholesalers and retailers; secondly costs for transport and storage etc; and thirdly customs duties and indirect taxes imposed by the importing (industrialised) country."*²⁹⁵

²⁹² John Smith: Imperialism and the Law of Value, p. 15

²⁹³ Julie Froud, Sukhdev Johal, Adam Leaver, Karel Williams: Apple Business Model, pp. 22-23

²⁹⁴ Aditya Chakraborty: Apple: why doesn't it employ more US workers? Guardian, guardian.co.uk, 23 April 2012 <http://www.guardian.co.uk/technology/2012/apr/23/bad-apple-employ-more-us-workers>

²⁹⁵ Herbert Jauch: Globalisation and Labour, p. 5

Figure 41: Share of Production Costs of an Apple 4G iPhone assembled in China²⁹⁶

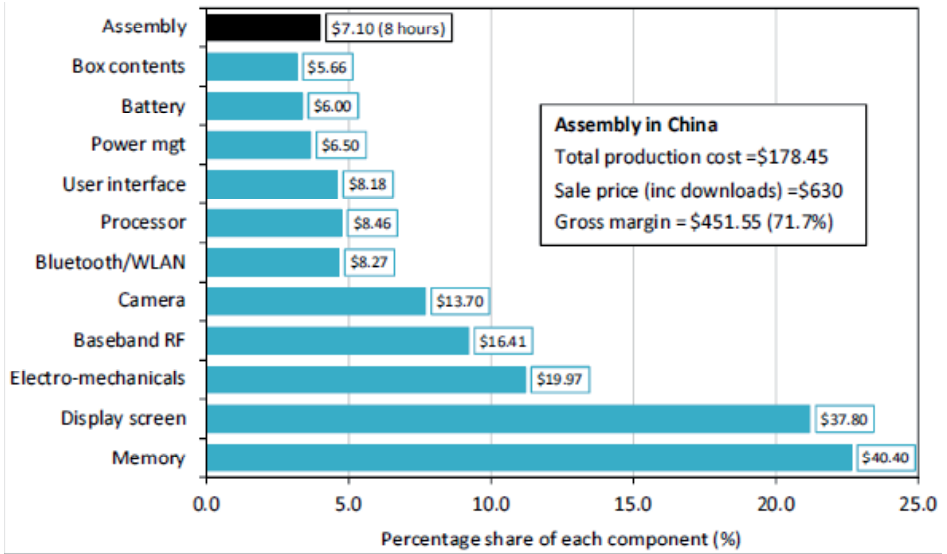
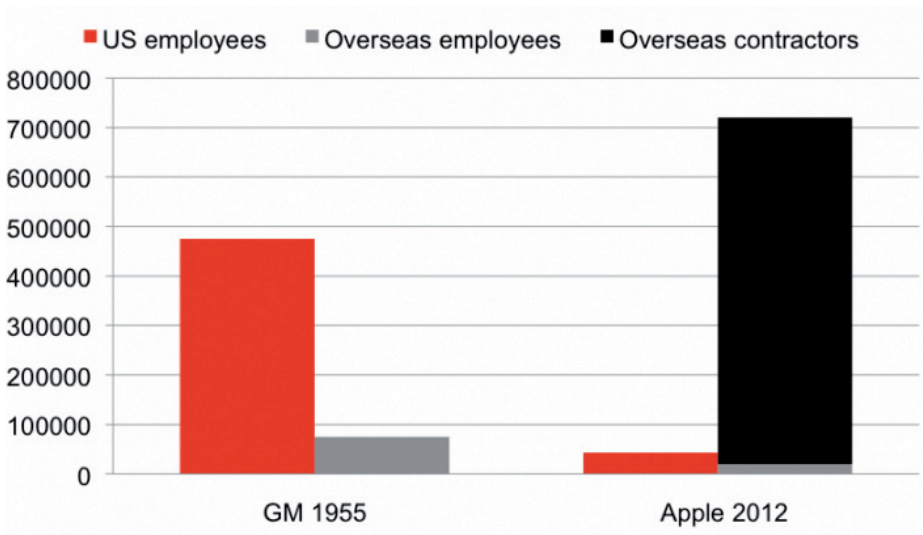


Figure 42: US and Overseas Employees resp. Contractors in 1955 and in 2012²⁹⁷



²⁹⁶ Julie Froud, Sukhdev Johal, Adam Leaver, Karel Williams: Apple Business Model, p. 23

²⁹⁷ Derek Thompson: The 11 Figures That Allegedly Prove That the West Is Doomed, Aug 7 2012, <http://www.theatlantic.com/business/archive/2012/08/the-11-figures-that-allegedly-prove-that-the-west-is-doomed/260750>

ii) Extra profits via Capital Export as Money Capital (Loans, Currency Reserves, Speculation, etc.)

As we have shown in one of the previous chapters, after the end of the long boom in the late 1960s and early 1970s world capitalism entered a new period of stagnation. Faced with declining rates of profits it became more and more difficult to invest capital profitably in production. Structural over-accumulation of capital became a defining feature of capitalism since then again. This led to a huge mass of superfluous money capital. Therefore the big banks had a strong desire to put their money capital profitably in circulation. This is why they gave massive loans so willingly to the semi-colonial countries since the early 1970s. Internationally the total volume of loans grew between 1971 and 1979 from \$10.2 billion to \$123.4 billion, i.e. it grew about 36% a year.²⁹⁸

The following Table 39 demonstrates the enormously increasing weight of the banking capital in relation to the world output, trade and investment in the period between 1964 and 1991. According to these figures net banking loans rose in this period – compared with the world's GDP – from 0.7% to 16.3%. In relation to the world's fixed domestic investment it grew from 6.2% to 131.4%, i.e. banking loans increased more than 20 times as much as productive investment!

Table 39: International Banking Capital in relation to World Output, Trade and Investment, 1964-1991 (in %) ²⁹⁹

	1964	1972	1980	1985	1991
<i>As share of World Output</i>					
Net international bank loans	0.7	3.7	8.0	13.2	16.3
Gross size of international banking market	1.2	6.3	16.2	27.8	37.0
<i>As share of World Trade</i>					
Net international bank loans	7.5	31.5	42.6	80.4	104.6
Gross size of international banking market	12.4	53.7	86.3	169.7	215.6
<i>As share of World Gross Fixed Domestic Investment</i>					
Net international bank loans	6.2	25.6	51.1	103.7	131.4
Gross size of international banking market	10.3	43.7	103.6	219.2	270.9

²⁹⁸ Jeffrey Bortz: Die lateinamerikanischen Schulden und die Zyklen der Weltwirtschaft; in: Bortz/Castro/Mandel/Wolf: Schuldenkrise, Frankfurt a.M. 1987, p. 102

²⁹⁹ UNCTAD: World Investment Report 1994, p. 128

As a result the extra profits for the banks and financial institution rose dramatically since the 1970s. They managed to make a huge return on their loans to the Southern states. The Latin American states, for example, paid \$40 billion a year in debt service in the 1980s.³⁰⁰

A number of economists have already pointed out that the semi-colonial countries have already paid back their debts several times. But the imperialist regime, the power of the banks to raise the interest rates etc. all led to the situation that despite having paid back their loans several times, the semi-colonies are still higher indebted than they were in the 1970s. The progressive economists Paulo Nakatani and Rémy Herera report, that the so-called developing and emerging market economies together have already paid to their imperialist masters a cumulative \$7.673 trillion in external debt service. But by raising interest rates etc. the Third World's debt did not decrease but rather increased from \$618 billion in 1980 to \$3.150 trillion in 2006. As a result the semi-colonial countries have to pay a rising proportion of the annual national output as debt service to the imperialist financial institutions:

Figure 43: External Debt Service-to-Export Ratio, 2005-2010³⁰¹



³⁰⁰ Winfried Wolf: *Schuld, Zins, Profit. Zum Verhältnis zwischen Dritter, Erster und westdeutscher Welt*; in: Bortz/Castro/Mandel/Wolf: *Schuldenkrise*, Frankfurt a.M. 1987, p. 15

³⁰¹ UNCTAD: *World Investment Report 2011*, p. 27

*“Total external debt service of these countries grew from 2.8 percent of GDP in 1980 to 4.0 percent in 1989 and 6.9 percent in 1999, before decreasing slowly to 5.2 percent in 2006, just above the 5.1 percent average for the period.”*³⁰²

According to the International Monetary Fund (IMF), who differentiates the semi-colonial countries in different income categories, the so-called “low-income countries” have to pay 6.5% of their export income for debt-service, the “lower middle income countries” 19% and the “upper middle income countries” even 35%.³⁰³ (See also Figure 43)

The imperialist super-exploitation of the semi-colonial world becomes again obvious in the fact that the banks demand from these countries interest rates which are several times as high as loans to imperialist countries are. In this context one has to bear in mind that the loans, which the imperialist financial institutes gave to the semi-colonies in the 1970s, had variable interest rates. This means that while they had very low interest rates when the semi-colonies got the loans in the 1970s this quickly changed and they had to pay huge interest rates a few years later.³⁰⁴

The UNDP reported about these major differences between rates in the North in the 1980s and those applied to loans in the South.

*“During the 1980s, while interest rates were 4% in the highly industrialised countries, the effective interest rate paid by developing countries was 17 %. On total debt worth more than 1,000 billion dollars, this meant a special interest premium of 120 billion dollars annually. This merely aggravated a situation in which net transfers to pay the debt totaled 50 billion dollars in 1989.”*³⁰⁵

The following Tables 40 show the huge difference between the interest rates in the imperialist countries and the semi-colonial countries.

As a result debt service has become one of the most important forms of imperialist super-exploitation. To give an overview of this development we quote the progressive economists Éric Toussaint and Denise Comanne:

*“[T]he total foreign debt of developing countries grew from \$567 billion in 1980; \$1086 billion in 1986; and \$1419 billion in 1992. The total debt thus went up 250 percent in twelve years. In the same period interest payment amounted to \$771 billion, and principal repayment \$891 billion. Total payments from Third-world countries over these twelve years amounted to \$1662 billion: three times what they owned in 1980. After repaying what they owed three times over, at the cost of untold suffering, far from being less in debt, they owe far more than in 1980: 250 percent more.”*³⁰⁶

³⁰² Paulo Nakatani and Rémy Herera: The South Has Already Repaid its External Debt to the North. But the North Denies its Debt to the South, Monthly Review, Volume 59, Issue 02 (June 2007)

³⁰³ United Nations: World Economic Situation and Prospects 2012, p. 91

³⁰⁴ See Nicola Liebert: Schuldenkrise: Die Position der Gläubiger und das Potential für einen Schuldenerlaß; in: PROKLA Nr. 71 (1988), p. 115

³⁰⁵ UNDP: Human Development Report 1992, p. 66

³⁰⁶ See Éric Toussaint and Denise Comanne: Globalization and Debt; in: Éric Toussaint & Peter Drucker (editors): IMF/World Bank/WTO: The Free Market Fiasco, IIRE: Notebook for Study and Research No. 24/25, Amsterdam 1995, p. 10

Table 40: Long-Term Real Interest Rates in Imperialist and Semi-Colonial Countries (in %) ³⁰⁷

Long-term real interest rates in six industrial countries, 1890-1989							
<i>Country</i>	<i>1890-99</i>	<i>1900-13</i>	<i>1955-59</i>	<i>1960-73</i>	<i>1974-79</i>	<i>1980-84</i>	<i>1985-89</i>
France	3.6	2.0	0.3	1.4	-0.9	3.1	5.1
Germany	-	-	3.9	2.7	2.8	4.8	4.0
Italy	-	-	4.0	1.5	-3.7	1.9	3.6
Japan	-	-	-	0.5	-0.2	5.7	3.9
United Kingdom	2.6	2.0	1.3	2.5	-2.1	2.7	4.1
USA	4.5	1.7	0.8	1.5	0.3	5.4	5.4

Real interest rates on foreign debt paid by selected major debtors, 1982-85

<i>Country</i>	<i>1982</i>	<i>1983</i>	<i>1984</i>	<i>1985</i>	<i>Average 1982-85</i>
Argentina	26.3	23.8	11.3	11.6	18.3
Brazil	22.2	19.6	12.6	12.0	16.6
Chile	33.8	8.9	21.6	8.4	18.2
Mexico	27.4	16.9	9.9	15.0	17.3
Nigeria	25.9	25.4	11.5	18.2	20.3
Korea, Rep. of	14.0	12.5	5.8	7.1	9.9
Average	24.9	17.8	12.1	12.3	16.8

The United Nations Commission for Human Rights reported that *“between 1984 and 1990, for example, the draconian policies of debt collection produced a staggering net transfer of financial resources - \$155 billion - from the South to the North.”* ³⁰⁸

Since then the super-exploitation of the semi-colonial world via financial robbery has continued. By 2002, i.e. 22 years later, the developing countries repaid their creditors a little over \$4,600 billion. If one adds South Korea this figure grows to \$4,900 billion. In other words between 1980 and 2002 the semi-colonial countries have repaid eight times what they owed in 1980! At the same time by 2002 their amount of still existing debts has increased to \$2,400 billion, more than four times the amount of 1980! ³⁰⁹

This increase of debt took place in different regions in the following way as Table 41 shows:

³⁰⁷ UNDP: Human Development Report 1992, p. 49

³⁰⁸ UN COMMISSION ON HUMAN RIGHTS: Effects of structural adjustment policies on the full enjoyment of human rights. Fifty-fifth session, Item 10 of the provisional agenda ECONOMIC, SOCIAL AND CULTURAL RIGHTS. Report by the Independent Expert, Mr. Fantu Cheru, submitted in accordance with Commission decisions 1998/102 and 1997/103; <http://www.unhcr.ch/Huridocda/Huridoca.nsf/TestFrame/f991c6c62457a2858025675100348aef>

³⁰⁹ Eric Toussaint: Transfers from the Periphery to the Centre, from Labour to Capital (2004), p. 1

The external debt stock of the Developing Countries rose to \$4.076 billion by 2010.³¹⁰ In 2005 the South paid \$482 billion in debt service to the imperialist monopolies alone.³¹¹ In 2008 it had to pay a total external debt service of \$539 billion and in 2009 again \$536 billion.³¹²

A particularly sickening example of the imperialist debt tyranny is Africa. The progressive African economist Demba Moussa Dembélé has pointed out that Africa's debt service is even higher than foreign aid and this aid is partly used to pay for the debts:

*"These things – the cost of complying with conditions imposed by donors and lenders and subsidies on domestic produce by OECD countries – help explain, among other things, the worsening of the debt crisis, which in turn has meant greater dependency on foreign aid. In the 1980s and 1990s, the average debt service was roughly equal or even higher than foreign aid to African countries. Part of that aid was even used to pay back old debts, including multilateral debts. All this reinforced dependency on external sources, especially the World Bank, the IMF and the African Development Bank."*³¹³

UNCTAD too points to the absurd fact that Africa has already paid back more than it got in loans but still is indebted with nearly \$300 billion: *"A cursory glance at Africa's debt profile shows that the continent received some \$540 billion in loans and paid back some \$550 billion in principal and interest between 1970 and 2002. Yet Africa remained with a debt stock of \$295 billion. For its part, SSA received \$294 billion in disbursements and paid \$268 billion in debt service, but remains with a debt stock of some \$210 billion."*³¹⁴

Table 41: Increase of Debts in Regions, 1980-2002 (in billion US-Dollars)³¹⁵

	<i>Debt stock in 1980</i>	<i>Debt stock in 2002</i>
Southeast Asia and the Pacific	64.6	509.5
South Asia	37.8	166.8
Middle East and North Africa	102.5	317.3
Sub-Saharan Africa	60.8	204.4
Latin America and the Caribbean	257.4	789.4
Former Soviet Bloc	56.5	396.8

³¹⁰ World Bank, Global Development Finance 2012, p. 40

³¹¹ Jean Ziegler: Das Imperium der Schande. Der Kampf gegen Armut und Unterdrückung, München 2008, p. 87

³¹² World Bank: The Little Data Book on External Debt (2011), p. 2

³¹³ Demba Moussa Dembélé: Aid dependence and the MDGs, Pambazuka News Issue 220 (8.9.2005), <http://www.pambazuka.org/en/category/features/29376>

³¹⁴ UNCTAD: Economic Development in Africa: Debt Sustainability: Oasis or Mirage?, New York, 2004, p. 9

³¹⁵ Eric Toussaint: Transfers from the Periphery to the Centre, from Labour to Capital (2004), p. 1

If one takes Nigeria as an example one can see the absurd situation that this country is in. It borrowed \$13.5 billion in loans from Paris Club creditors between 1965 and 2003. It has already paid back about \$42 billion because of penalties and interest accrued. Nevertheless Nigeria still had \$25 billion to pay in 2003.³¹⁶

We finish this chapter with a telling historical analogy which Éric Toussaint made to better understand the dimension of the imperialist debt trap. He compared this massive value transfer via the debt trap with the US-imperialist initiative after WWII to rebuild Western Europe and arrived to the conclusion: *“Between 1980 and 2002, the populations of the Periphery countries have sent the equivalent of fifty Marshall Plans to the creditors in the North (with the capitalists and the governments of the Periphery skimming off their commissions on the way).”*³¹⁷

Losses from Currency Exchange

Another way by which the imperialist monopolies gain profits is their dominance in the currency market. US imperialism in the first line and European imperialism secondly dominate the world currency market. Hence if we look at the currencies in which the developing countries public and publicly guaranteed debt are held, the advantage for the imperialist monopolies becomes obvious. By 2010 69.4% of the semi-colonies public debt is held in U.S. Dollars, 12.7% in Euro, 10.4% in Japanese Yen, 0.5% in British Pound Sterling and 0.4% in Swiss Franc.³¹⁸ Therefore the semi-colonial countries are not only dependent on the currency changes but they are also forced to buy US Dollars or Euros to pay for their debts. This means an additional loss for these economies.

According to Eastern German economists the semi-colonial countries had to pay between \$30 and \$40 billion a year in the early 1980s to buy imperialist currencies (mainly US Dollars) to build up their currency reserves.³¹⁹

The World Bank showed in a recently published report the huge advantage that the imperialist powers gain from their dominant status in world currencies. According to this study, the US gained rent income from their currency position in average of \$48 billion per year between 1990 and 2010 (in 2010 this sum was even \$93 billion). European imperialism gained from its Euro currency status in average \$13 billion per year between 2000 and 2009.³²⁰

The advantage for the imperialist monopolies and states don't need further explanation. It is also clear that the political and geo-strategic (and therefore also military) interests of the imperialist states go hand in hand with their economic

³¹⁶ Christian Aid: Enough is enough: The debt repudiation option, 2007, p. 16

³¹⁷ Éric Toussaint: Transfers from the Periphery to the Centre, from Labour to Capital (2004), p. 2

³¹⁸ World Bank, Global Development Finance 2012, p. 40

³¹⁹ Helmut Faulwetter: Die Ausbeutung der Entwicklungsländer durch das international Monopolkapital; in: Autorenkollektiv (unter Leitung von Peter Stier): Handbuch Entwicklungsländer. Sozialökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 15

³²⁰ World Bank: Global Development Horizons 2011. Multipolarity: The New Global Economy, p. 135

considerations. Even a liberal writer has to admit this connection:

*“Ten years ago the Independent International Commission on Global Governance recognised the urgent need for international monetary reform in a globalised world economy. Since then there has been growing criticism of the present ‘dollar hegemony’ of the United States. For the privilege of using the dollar as the main global currency, the rest of the world is estimated to pay the US at least \$400bn a year. A Pentagon analyst has justified this as payment to the US for keeping world order; others see it as a way for the richest country in the world to compel poorer ones to pay for its unsustainable consumption of global resources. To build up their reserves, poor countries have to borrow dollars from the US at interest rates as high as 18 per cent and then lend the money back to the US in the form of Treasury Bonds at 3 per cent. The dollar is a global monetary instrument that the US, and only the US, can produce; world trade is now a game in which the US produces dollars and the rest of the world produces things that dollars can buy.”*³²¹

Capital Flight

Let us now move to a special form the imperialists use to profit from their world domination: capital flights and other forms of illegal money transfers from the South to the North. Naturally those sending the money illegally from the South to the North – both the imperialist monopolies and the semi-colonial capitalists – are the immediate beneficiaries. However the obvious losers of this process are the semi-colonial countries which lose surplus value that could have been invested or used via taxes for public investment. On the other hand the banks and other financial institutions in the imperialist countries profit massively from the capital flight. This is why they welcome and encourage such capital flight. This creates the twisted situation that the semi-colonial countries can not pay their debts to the imperialist bank because of lack of money, while the capitalists illegally transfer their money out of the semi-colonial countries to the same imperialist bank. As a result the banks profit twice: on one hand they get the illegally transferred money capital and on the other hand they can impose penalties on the same countries for not paying their debts in time.

Capital flight from the South to the North is not a new phenomenon but is characteristic of imperialism. A recent study calculated the size of illicit financial outflows from India since 1948. Despite the fact that it did not include smuggling, certain forms of trade mispricing, and gaps in available statistics in its calculations it came to the conclusion that *“it is entirely reasonable to estimate that more than a half-trillion dollars have drained from India since independence.”*³²² (See Figure 44)

³²¹ James Robertson: The future of money. If we want a better game of economic life we’ll have to change the scoring system; in: Soundings, issue 31 (December 2005), p. 129, <http://www.jamesrobertson.com/article/soundings31.pdf>

³²² Dev Kar: The Drivers and Dynamics of Illicit Financial Flows from India: 1948-2008, Global Financial Integrity, November 2010, p. iii

In the 1970s and 1980s capital flight increased substantially. According to the US bank Morgan Guarantee Trust Bank capital flight from the Latin American countries to the imperialist metropolises was about \$120-130 billion between 1976 and 1985. This was the equivalent of about 1/3 of the total foreign debt of the continent.

Another source shows figures for capital flight for other semi-colonial countries in the period between 1976 and 1982. In these years \$5.1 billion were secretly transferred out of Indonesia (the equivalent of 34% of the foreign debt of the country), nearly \$4 billion out of Egypt (more than 44% of its foreign debt), \$2.7 billion out of Nigeria (more than 43% of its foreign debt), \$2.1 billion out of India (1/3 of its foreign debt) and \$1.9 billion out of Syria (96% of its foreign debt).³²³ For the whole Third World the Morgan Guarantee Trust Bank gives the figure of around \$200 billion for the same period, the equivalent of about 50% of the total foreign debt of the Third World.³²⁴ For the year 1988 the

Table 42: Gross Debt, Deposits and Net Debt, 1995 (in billion US-Dollars)³²⁵

	<i>Gross Debt</i>	<i>Deposits</i>	<i>Net Debt</i>	<i>Net/Gross (%)</i>
North Africa / Middle East	364	254	110	30.2%
Sub-Saharan Africa	198	47	151	76.3%
Latin America / Caribbean	529	366	163	30.8%
Asia / Oceania	830	299	531	64%
Total	1.921	966	955	49.7%

Figure 44: Illicit Financial Flows from India, 1948-2008³²⁶



³²³ Ernest Mandel: Verschuldungskrise: Eine tickende Zeitbombe; in: Bortz/Castro/Mandel/Wolf: Schuldenkrise, Frankfurt a.M. 1987, p. 81

³²⁴ Winfried Wolf: Schuld, Zins, Profit. Zum Verhältnis zwischen Dritter, Erster und westdeutscher Welt; in: Bortz/Castro/Mandel/Wolf: Schuldenkrise, Frankfurt a.M. 1987, p. 22

³²⁵ Éric Toussaint: Your Money or your Life. The Tyranny of the Global Finance; Brussels 1999, p. 104

³²⁶ Dev Kar: The Drivers and Dynamics of Illicit Financial Flows from India: 1948-2008, p. 18

IMF estimated that in the 13 most indebted countries capital flight was about \$180 billion.³²⁷

The huge amount of capital flight also becomes visible from the following Table 42. It shows how much money the capitalists from the semi-colonial countries deposited in the imperialist metropolises. It becomes clear that while the Third World had debts of about \$1.921 billion, the capitalists from the South had \$966 billion in deposits in the North, i.e. half of the total debt. It is known that a portion of the imperialist loans were directly transferred out of the country. In this grotesque way the imperialist banks profit in two ways at the same time. They gain interest as debt service for the loans and the gain fresh money capital from the South which they can then re-lend for a higher profit.

According to Éric Toussaint in 2000 alone, fresh deposits by capitalists of the Periphery in banks of the Centre came to 145 billion dollars.³²⁸

Recently several studies have been published about the size of capital flight and illegal transfer of money from the South to the North. One of these studies dealt with illicit outflows from the Least Developed Countries. It reports:

*"The study's indicative results find that illicit financial flows from the LDCs have increased from US\$9.7 billion in 1990 to US\$26.3 billion in 2008 implying an inflation-adjusted rate of increase of 6.2 percent per annum. Conservative (lower-bound) estimates indicate that illicit flows have increased from US\$7.9 billion in 1990 to US\$20.2 billion in 2008. The top ten exporters of illicit capital account for 63 percent of total outflows from the LDCs while the top 20 account for nearly 83 percent. Trade mispricing accounts for the bulk (65-70 percent) of illicit outflows from the LDCs, and the propensity for mispricing has increased along with increasing external trade. Empirical research on illicit flows indicates that there are three types of factors driving illicit flows — macroeconomic, structural, and governance-related."*³²⁹

The study calculates that the ratio of illicit outflows to Gross Domestic Product (GDP) from the Least Developed Countries averages about 4.8% per year.

Another report about all so-called Developing Countries calculates that in the late 2000s illicit flows out of these countries were above US\$1 trillion annually!

³³⁰ In their own words the authors consider this an underestimation: *"We continue to regard these estimates as very conservative, since they do not include smuggling, the mispricing of cross-border services, or the mispricing of merchandise trade that occurs within the same invoice exchanged between exporters and importers."*

Detailing capital flight the authors report: *"Asia accounted for 44.9 percent*

³²⁷ See Éric Toussaint and Denise Comanée: Globalization and Debt; in: Éric Toussaint & Peter Drucker (editors): IMF/World Bank/WTO: The Free Market Fiasco, IIRE: Notebook for Study and Research No. 24/25, Amsterdam 1995, p. 13

³²⁸ Éric Toussaint: Transfers from the Periphery to the Centre, from Labour to Capital (2004), p. 14

³²⁹ Dev Kar: Illicit Financial Flows from the Least Developed Countries: 1990-2008, United Nations Developments Programme 2011, p. 3

³³⁰ Dev Kar and Sarah Freitas: Illicit Financial Flows from Developing Countries Over the Decade Ending 2009 (2011), p. i

of total illicit flows from the developing world followed by MENA (18.6 percent), developing Europe (16.7 percent), the Western Hemisphere (15.3 percent), and Africa (4.5 percent). Many of the top ten countries with the largest transfers of illicit capital are located in the MENA region, while Asia's dominant share is mainly driven by China and Malaysia. The largest ten countries' cumulative (normalized or conservative) illicit outflows during 2000-2009 in declining order of magnitude are China (\$2.5 trillion), Mexico (\$453 billion), Russia (\$427 billion), Saudi Arabia (\$366 billion), Malaysia (\$338 billion), Kuwait (\$269 billion), United Arab Emirates (\$262 billion), Qatar (\$170 billion over nine years as data for 2000 are not available), Venezuela (\$171 billion), and Poland (\$160 billion). On average, these ten countries account for 70 percent of the illicit outflows from all developing countries over the period 2000-2009."³³¹

Capital flight also plays a considerable role in Africa. A study which examined the 39-year period from 1970 through 2008 came to the conclusion: "Utilizing accepted economic models, namely the World Bank Residual Method and IMF Direction of Trade Statistics, we estimate that such flows have totaled \$854 billion across the period examined. This estimate is regarded as conservative, since it addresses only one form of trade mispricing, does not include the mispricing of services, and does not encompass the proceeds of smuggling. Adjusting the \$854 billion estimate to take into account some of the components of illicit flows not covered, it is not unreasonable to estimate total illicit outflows from the continent across the 39 years at some \$1.8 trillion."³³²

Another report on Africa estimates capital flight from Sub-Saharan Africa in the mid-1990s at about \$274 billion (including interest earnings), which was equivalent to 145% of the total debt owed by these countries. It concluded: "In fact, recent estimates show that Africa is a net creditor to the rest of the world, with around 30% of sub-Saharan Africa's GDP being moved offshore."³³³

Let us finish this sub-chapter by drawing our readers' attention to the huge capital flight and illegal financial transfers of the super-rich capitalists. These criminals, in the literal sense, transfer their money away from state authorities to tax havens which lose tax revenues amounting to \$250 to \$300 billion every year. Nearly a third of the super-rich's wealth is managed in offshore financial centers. A recent study reports:

"According to Professor Michael R. Krätke, it is estimated that some 30% of the assets of richest people in the world are managed in offshore financial centers. More than a fifth (23%) of all the world's bank deposits are hidden in tax havens, at least \$ 3,000 billion on a cautious basis of reckoning. Nearly 50% of the world's transboundary financial transactions move through them. R. Krätke, concurring with the Tax Justice Network's prudent analysis, claims that the capital hidden in tax havens means lost

³³¹ Dev Kar and Sarah Freitas: *Illicit Financial Flows from Developing Countries Over the Decade Ending 2009*, p. vii

³³² Dev Kar and Devon Cartwright-Smith: *Illicit Financial Flows from Africa: Hidden Resource for Development*, *Global Financial Integrity* 2009, p. 1

³³³ Tax Justice Network for Africa: *Looting Africa: Some Facts and Figures*, p. 1, <http://www.liberationafrique.org/IMG/pdf/TJN4Africa.pdf>

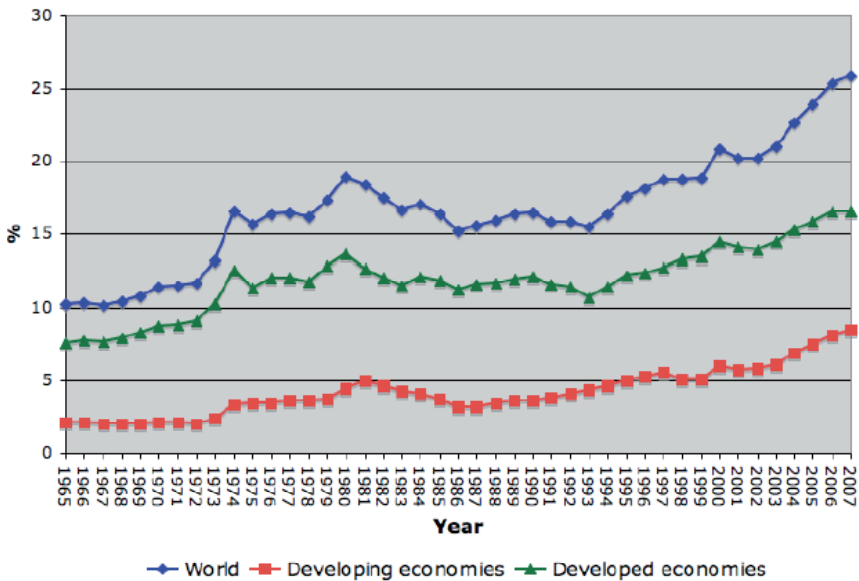
tax revenues amounting to from \$250 to \$300 billion every year. This is a substantial part of the money needed to relaunch the economy, increase the purchasing power of the poorest and, in general, improve the situation of some 2.7 billion persons throughout the world living on less than two dollars a day.”³³⁴

The Tax Justice Network estimates that about \$11.5 trillion has been siphoned offshore by wealthy individuals alone!³³⁵ One needs hardly explain why we Bolshevik-Communists consider the slogan “Expropriate the Superrich!” as highly important and timely.

iii) Value Transfer from the Semi-Colonial South to the Imperialist North: Unequal Exchange

Direct capital export from the North to the South is only partly the source for imperialist extra-profits. Another important form of super-exploitation is unequal exchange. As we have explained above, unequal exchange takes place on the world market where commodities are exchanged representing different socially necessary labor time. Commodities which embody less intense labor are exchanged against commodities which embody more intense labor.

Figure 45: World Imports as Share of World GDP, 1965-2007³³⁶



³³⁴ Alejandro Teitelbaum / Melik Özden: Transnational Corporations. Major Players in Human Rights Violations (2011); CETIM: Critical Report n° 10. Issue: Business and Human Rights, http://cetim.ch/en/publications_cahiers.php

³³⁵ Tax Justice Network for Africa: Looting Africa: Some Facts and Figures, p. 2

³³⁶ Christian Fuchs: A Contribution to Critical Globalization Studies, p. 19

Figure 46: World Exports as Share of World GDP, 1965-2007 ³³⁷

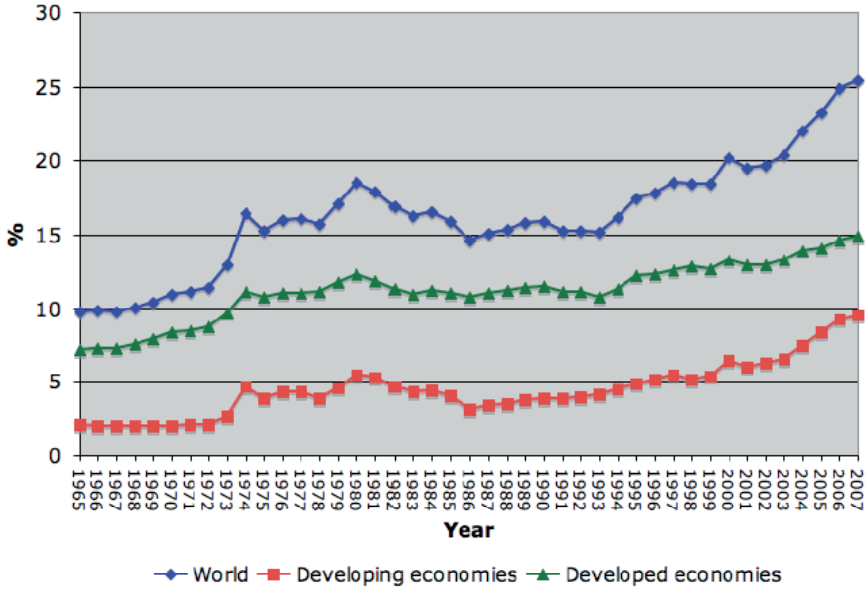
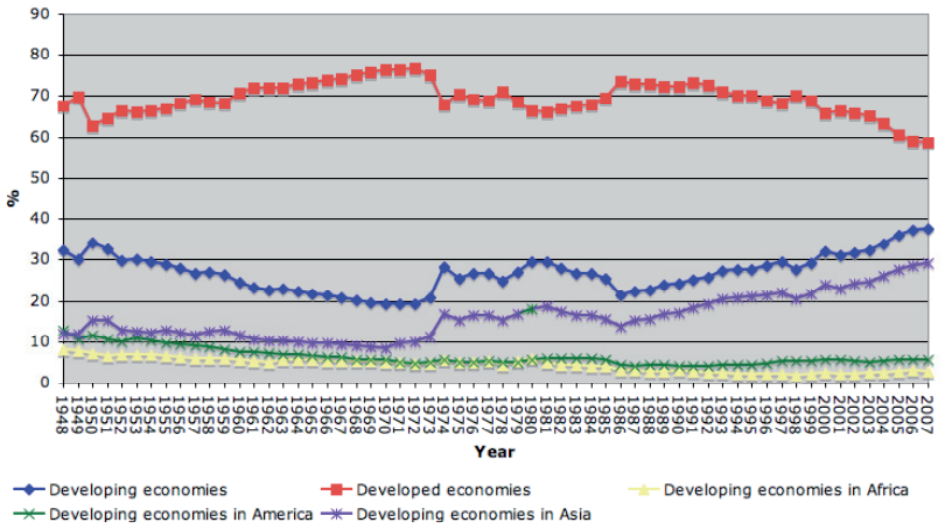


Figure 47: Regions Share in World Exports, 1948-2007 ³³⁸



³³⁷ Christian Fuchs: A Contribution to Critical Globalization Studies, p. 19

³³⁸ Christian Fuchs: A Contribution to Critical Globalization Studies, p. 25

To understand the full dimension of the unequal exchange we have to recognize the growing role of world trade. As the following Figures 45, 46, 47 and 48 show, world exports and imports have increased from about 10% of world output in 1965 to more than 25% in 2007. They also show the rising role of the so-called developing countries during this period whose imports and exports have increased from less than 3% to 9-10% of world output. However the Figures also make it possible to divide the period since WWII: while the “developing countries” share in world trade declined between 1948 and the early 1970, it rose since then. This is true in particular for semi-colonial Asia, while in Latin America and Africa this change took place later in the 1980s and was less dramatic. It is no accident that the increasing role of the semi-colonies started in the 1970s when world capitalism entered a phase of stagnation of its productive forces.

Figure 48: World Manufactured Exports, by Region and Income Group, Selected Years, 1995–2009 (US-Dollar billions) ³³⁹

Country group	1995	2000	2005	2009
World	4,072	5,149	8,252	9,490
Developed countries	3,086	3,634	5,409	5,792
Developing countries	985	1,514	2,844	3,699
<i>Region</i>				
East Asia and the Pacific	667	937	1,736	2,308
Excluding China	534	708	1,013	1,153
Developing Europe	46	125	306	402
Excluding Russian Federation	45	84	214	293
Latin America and the Caribbean	143	246	378	415
Excluding Brazil	108	204	292	318
Middle East and North Africa	68	120	240	335
Excluding Turkey	51	96	173	248
South and Central Asia	38	55	129	181
Excluding India	12	18	42	31
Sub-Saharan Africa	23	32	56	58
Excluding South Africa	6	12	23	22
<i>Income</i>				
High-income	438	566	851	983
Upper middle-income	274	475	845	1,005
Lower middle-income	267	456	1,112	1,663
Low-income	7	18	36	48
Least developed countries ^a	5	11	19	–

³³⁹ UNIDO: Industrial Development Report 2011, p. 154

Figure 49: Development of Terms of Trade 1880-2000: Real Commodity Price Index ³⁴⁰

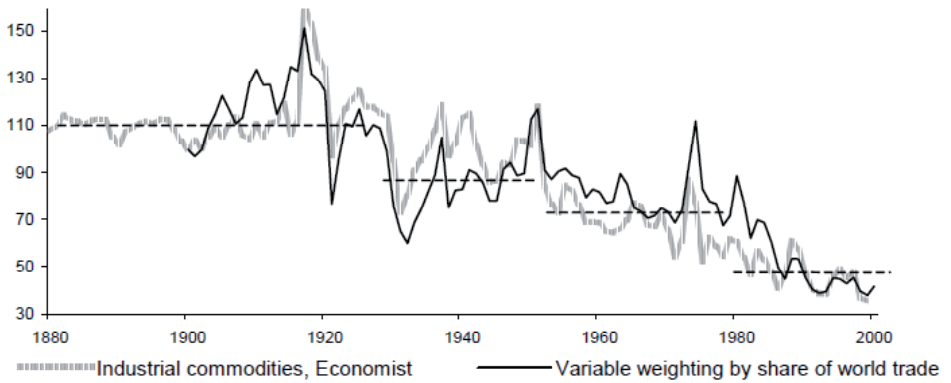
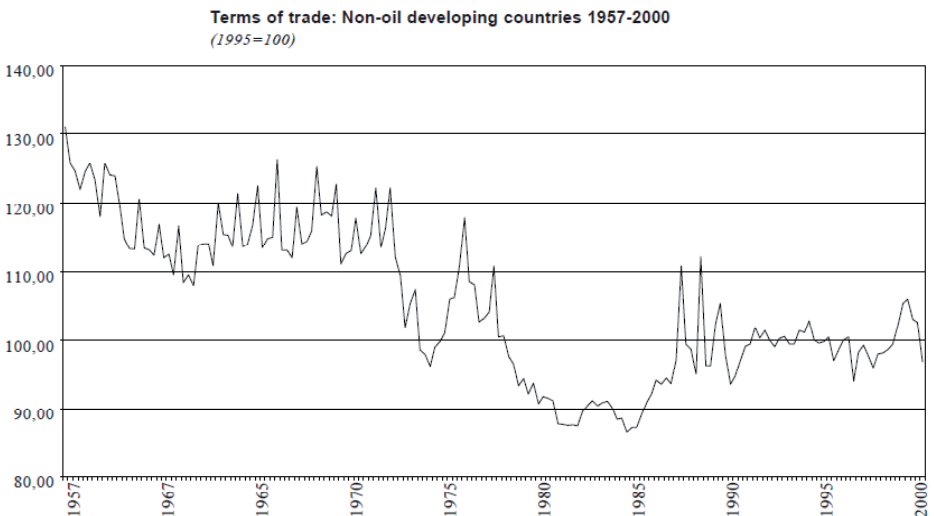


Figure 50: Development of Terms of Trade for Non-Oil Producing Developing Countries, 1957-2000 ³⁴¹



³⁴⁰ ECLAC: Globalization and Development (2002), p. 38

³⁴¹ Arturo O’Connell: The Return of “Vulnerability” and Raúl Prebisch’s Early Thinking on the “Argentine Business Cycle”, p. 53

While the role of trade is increasing, the imperialist economies profit much more from this than the semi-colonies. The reason for this is that the terms of trade are developing in a direction to the advantage of the imperialist countries and the disadvantage of the semi-colonial countries.

What is the “term of trades”? It means the relationship between the export prices of the semi-colonial countries and their import prices. To give one example: Between 1980 and 1992 the ratio between the export and import prices fell by 52%.³⁴² This means that if 100 units of commodities from the semi-colonial countries could be traded for 100 units from the imperialist countries in the year 1980, those 100 units could only be traded for 48 units from the imperialist countries in the year 1992. This is not a specific, short-term development but a long-term, historic tendency of capitalism. As we show in Figure 49, reproduced by the UN’s ECLAC in 2002, it is a characteristic trend in the imperialist epoch where the monopolies dominate the world economy. This real commodity price index – a composite of 24 non-oil industrial commodities – shows that the terms of trade of these essential commodities for the semi-colonial countries has deteriorated significantly. In the year 2000 the index for these commodities was only 1/3 of its level before 1920. In the period between 1980 and 2000 alone, it declined by nearly 30%.³⁴³

These findings are also vindicated by another author. Arturo O’Connell showed in a study the deterioration of the terms of trade for the non-oil producing developing countries in the period 1957-2000. As Figure 50 demonstrates, the terms of trade for these countries declined in these years by more than a third.³⁴⁴

We remember the SWP/IST theoreticians who explained the declining share of the semi-colonial countries in world trade after the World War II simply by their “their declining importance”. In fact the main reason for this was the deteriorating terms of trade. Ernest Mandel pointed out that the falling share in world trade of the semi-colonial countries from 30% to 20.4% between 1950 and 1960 was mainly caused by declining prices for raw materials. In 1962 prices for raw materials were 38% lower than in 1954 which meant a loss of \$11 billion for the semi-colonial countries.³⁴⁵

³⁴² See Éric Toussaint and Denise Comanne: *Globalization and Debt*; in: Éric Toussaint & Peter Drucker (editors): *IMF/World Bank/WTO: The Free Market Fiasco*, IIRE: Notebook for Study and Research No. 24/25, Amsterdam 1995, p. 11

³⁴³ ECLAC: *Globalization and Development* (2002), p. 38

³⁴⁴ Arturo O’Connell: *The Return of “Vulnerability” and Raúl Prebisch’s Early Thinking on the “Argentine Business Cycle”*; in: *CEPAL REVIEW* 75 (December 2001), p. 53

³⁴⁵ See Ernest Mandel: *Die Marxsche Theorie der ursprünglichen Akkumulation und die Industrialisierung der Dritten Welt*; in: *Folgen einer Theorie. Essays über ‚Das Kapital‘ von Karl Marx*, Frankfurt a.M. 1967, p. 85. In this context we want to point to the contradictory role of Mandel. Playing a central and highly progressive role in the leadership of the Fourth International during the Second World War and at its end, Mandel later became the central theoretician of the biggest split product of the Fourth International after its centrist degeneration in 1948-51 – called the “International Secretariat” and after 1963 the “United Secretariat of the Fourth International”. As a

To give another example: Between 1950 and 1986 the purchasing power of raw material exports declined by half in relation to the industrial commodities. In other words, the countries which mainly export raw material have to pay double as much for the same amount of industrial goods.³⁴⁶

Various economists have tried to calculate the costs of this deterioration of the terms of trade for the semi-colonial countries. Samir Amin calculated that the semi-colonial countries lost about \$ 22 billion a year in the mid-1960s as a result of unequal exchange. To give a sense of the proportion: This was much more than the monopolies invested at that time. Private capital export was about \$12 billion in 1964.³⁴⁷

Augustín Pápic, a former member of the United Nation's *North-South Commission*, calculated in the 1990s that the invisible transfer from the semi-colonial to the imperialist countries due to the negative development (for the South) of terms of trade is about 200 billion US-Dollars a year.³⁴⁸

Control of world trade by the imperialist monopolies is another important source for extra profit. Most of the world's merchant marine is in the hands of imperialist monopolies. This enables them to appropriate a substantial proportion of surplus value from the semi-colonies. Eastern German economists reported that the export price for commodities from the semi-colonies was only about 20-30% of the retail price in the imperialist metropolises. Of course the monopolies have to pay for transport and retail, nevertheless a huge extra profit remains for them.³⁴⁹ Éric Toussaint reported that the monopoly have to pay only about 10-15% of the retail price to the semi-colonies.³⁵⁰

The oil industry is also a striking example. The monopolies control of oil trade and processing allows them to appropriate a large share of the oil rent. While this changed to a certain degree in the 1970s, according to a United Nations report in 1982 the monopolies still appropriate 2/3 of the oil rent while the rest

side note we remark that he had, without doubt, not only huge political failures but he also made important mistakes in his attempt to develop the Marxist economic theory. As examples for this we refer to his thesis (in 1968) that "neo-capitalism" was historically "a third stage in capitalism's development" after the second stage of monopoly capitalism or his affirmative interpretation of the un-dialectical, objectivist theory of the "Long Waves". He became a leading theoretician of centrism, not of revolutionary Marxism. However one has also to recognize the fact, that he developed important insights in economic theory (and not only here) which need to be integrated into Marxism. As a theoretician he was far superior to his centrist competitors like Tony Cliff, Ted Grant or Lambert who shared his centrist misunderstanding of revolutionary Marxism but lacked his theoretical strength. He was – one could say – the Kautsky of the second half of the 20th century with all his strengths and weaknesses.

³⁴⁶ Dieter Boris: Die Verschuldungskrise in der Dritten Welt. Ursachen, Wirkungen, Gegenstrategien; in: Dieter Boris (Hrsg.): Schuldenkrise und Dritte Welt, Köln 1987, p. 22

³⁴⁷ See Ernest Mandel: Late Capitalism. London 1975, p. 346

³⁴⁸ See Robert Went: Ein Gespenst geht um... Globalisierung! Eine Analyse, Zürich 1997, p. 57

³⁴⁹ Helmut Faulwetter: Die Ausbeutung der Entwicklungsländer durch das international Monopolkapital; in: Autorenkollektiv (unter Leitung von Peter Stier): Handbuch Entwicklungsländer. Sozialökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 15

³⁵⁰ Éric Toussaint: Your Money or your Life. The Tyranny of the Global Finance; Brussels 1999, p. 99

goes to the oil-producing countries (before the 1970s the monopolies even took 90% of the oil rent!).³⁵¹

Another form of value appropriation by the imperialist states is the tariff and non-tariff barriers which they impose for imported commodities from the South. The semi-colonial countries have to pay higher tariffs and non-tariff barriers for their exports to the North than the imperialist monopolies have to pay for their exports to the South. As a result the semi-colonies suffer additional losses. According to the UN the South lost about \$40 billion a year in the 1990s because of the imperialist trade restrictions.³⁵²

Finally we also have to mention the huge costs of the control which the imperialist monopolies have on modern technologies via patents. Since the imperialist economies have a higher level of productivity and bigger capital resources, most of the world's Research and Development (R&D) capacities are owned by monopoly capital. Therefore, imperialist capital owns most of the world's patents and the semi-colonial capital has to pay for the usage of their technologies. Eastern German economists calculated the total costs for the technological dependence of the semi-colonies in the late 1970s of about \$30-50 billion a year.³⁵³

Before we close this chapter we want to point out a relatively small fact which is highly symbolic of the imperialist hypocrisy. Official development aid is often declared as generous support from the rich countries for the poor. In fact this official aid is often used to buy commodities from the imperialist monopolies or is used to pay for "foreign experts" which are usually from the rich countries. According to a United Nations figure 90% of the UNDP assistance aid in the 1990s was spent on foreign experts!³⁵⁴

We have now seen various forms of unequal exchange which enables the imperialist monopolies to appropriate a significant share of value produced in the semi-colonial world.

³⁵¹ United Nations: Towards the New International Economic Order. Analytical Report on Developments in the Field of International Economic Co-operation since the Sixth Special Session of the General Assembly, A/5-11,5, New York, 1982, paragraph 72, p. 14

³⁵² Éric Toussaint: Your Money or your Life. The Tyranny of the Global Finance; Brussels 1999, p. 105

³⁵³ Helmut Faulwetter: Die Ausbeutung der Entwicklungsländer durch das internationale Monopolkapital; in: Autorenkollektiv (unter Leitung von Peter Stier): Handbuch Entwicklungsländer. Sozialökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 17

³⁵⁴ See Éric Toussaint and Denise Comanne: Globalization and Debt; in: Éric Toussaint & Peter Drucker (editors): IMF/World Bank/WTO: The Free Market Fiasco, IIRE: Notebook for Study and Research No. 24/25, Amsterdam 1995, p. 12

iv) Value Transfer from the Semi-Colonial South to the Imperialist North: Migration

We have explained before that another way monopoly capital extracts surplus profits is via super-exploitation of the migrants who often come from semi-colonial world. Imperialist capital gains profits by paying the migrant workers below the value of their labour force. Let us now try to get a concrete overview over the consequences of the migrants' super-exploitation.

Giving the misery and wars in the semi-colonial world, it is not surprising that many people flee into neighboring countries. (In the bourgeois statistics refugees and labor migrants are put together. Hence one of the countries with the biggest "migrant" population is Gaza and the West Bank!) However, while in the countries of the South migrants represent only a relatively small proportion of the population (between 1,5% and 3% if one takes the continents as a whole), they represent between 10% and 14% of the population in Europe and Northern America.³⁵⁵ More than half of the 214 million migrants worldwide are living in these two imperialist regions.³⁵⁶ According to a Research Paper of the International Institute for Labour Studies, all in all in the year 2000 66% of all migrants worked in so-called High-income countries and another 14% in High-middle income countries – a share which is surely higher today.³⁵⁷

This development is also shown in Figure 51 which we took from a recent OECD study. It demonstrates that migration is first and foremost an issue relevant for the imperialist countries (which the OECD calls "More Developed Regions" in this Figure).

On one hand because of growing misery in the semi-colonies, on the other hand because of monopoly capitals' growing need for cheaper labour force, the share of migrants in the imperialist countries has risen dramatically in the past decades. In the USA the share of migrants amongst the population grew from 5.2% (1960) to 12.3% (2000) to more than 14% (2010). In Western Europe the

³⁵⁵ Carlos Vargas-Silva: Global International Migrant Stock: The UK in International Comparison (2011), www.migrationobservatory.ox.ac.uk, p. 5. The third region where migrants play an important role is oil-producing states in the Middle East. We have dealt with this specific case somewhere else. See e.g. Michael Pröbsting: Liberation struggles and imperialist interference. The failure of sectarian "anti-imperialism" in the West: Some general considerations from the Marxist point of view and the example of the democratic revolution in Libya in 2011, in: Revolutionary Communism, No. 5 (English-language Journal of the RCIT), p. 30, <http://www.thecommunists.net/theory/liberation-struggle-and-imperialism>; Michael Pröbsting: Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes, in: Der Weg des Revolutionären Kommunismus, Theoretisches Journal der Revolutionär-Kommunistischen Organisation zur Befreiung, RKOB) Nr. 8 (2011), p. 14, <http://www.thecommunists.net/publications/werk-8>

³⁵⁶ See United Nations Department of Economic and Social Affairs: World Economic and Social Survey 2004. International Migration (2004), S. viii and United Nations Department of Economic and Social Affairs, Population Division: Trends in International Migrant Stock: The 2008 Revision (2009), p. 1 and 3

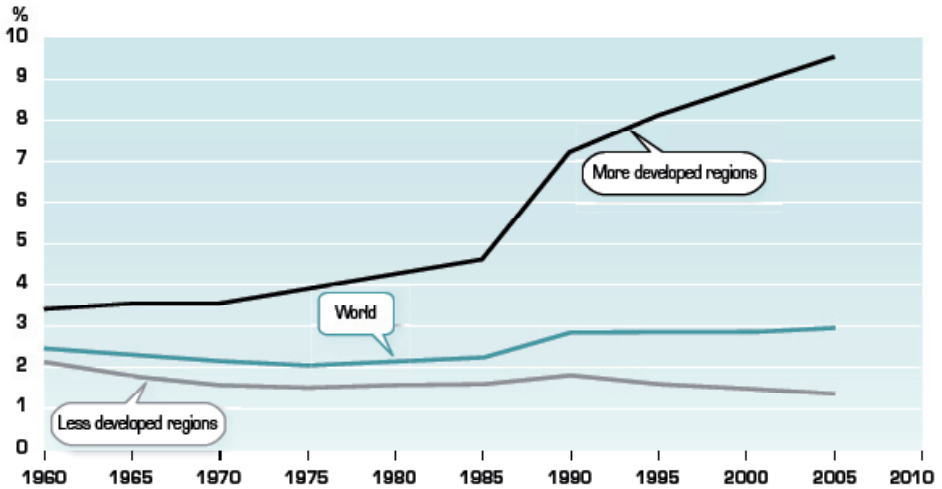
³⁵⁷ Philip L. Martin: Migration and development: Toward sustainable solutions (2004), p. 4

migrants' share of the population grew from about 4.6% (1960) to nearly 10% (2010).³⁵⁸ At the same time the share of migrants in the semi-colonial countries declined (see Figure 52)

These migrant workers have been central for the – already slowing – growth of capitalist value production in the imperialist countries. According to a study of the McKinsey Global Institute “*foreign-born workers contributed an estimated 40 percent of labor force growth from 1980 to 2010*”.³⁵⁹

These statistics under-represent the importance of migrants. First, because migrants of the second or third generation or who held a citizenship are often not recognized as migrants by the imperialist authorities. Second, because migrants have a higher share amongst those who are working. Finally, migrants are often concentrated in cities. Hence, in the imperialist countries migrants represent approximately between 10-25% of the working class and amongst the urban centers this share is often higher.

Figure 51: Migrants as a percentage of the Population, 1960-2005³⁶⁰



³⁵⁸ See Rainer Münz/Heinz Fassmann: Migrants in Europe and their Economic Position: Evidence from the European Labour Force Survey and from Other Sources (2004), pp. 5-6 and Carlos Vargas-Silva: Global International Migrant Stock: The UK in International Comparison (2011), www.migrationobservatory.ox.ac.uk, p. 5

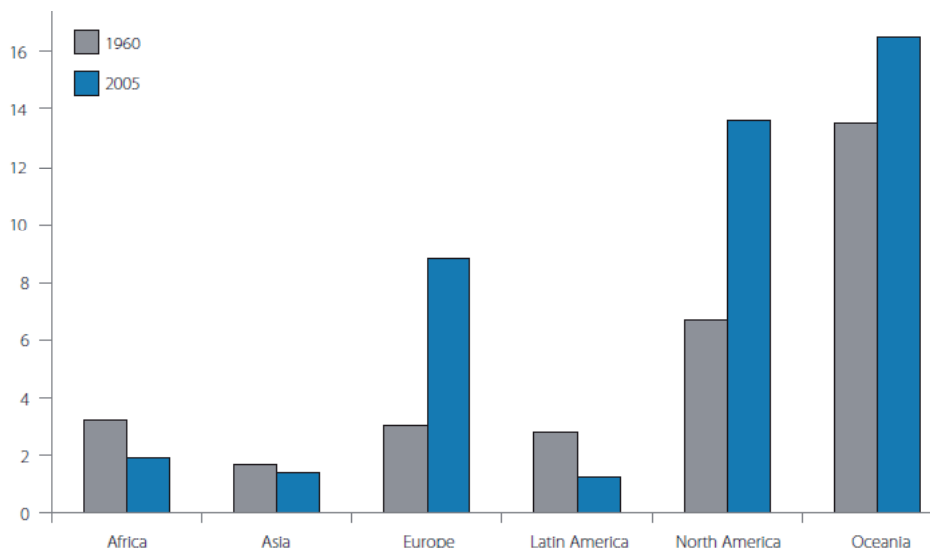
³⁵⁹ McKinsey Global Institute: The World at Work: Jobs, Pay, and Skills for 3.5 Billion People (2012), p. 15

³⁶⁰ Brian Keeley: International Migration. The human face of globalisation (2009), OECD, p. 113, <http://www.oecd-ilibrary.org/docserver/download/0109111e.pdf?expires=1356794065&id=id&accname=guest&checksum=F14C2DA9A3866C53917E9045E83D6057>

Let us give a few examples: Already in the early 2000s half of all resident workers in New York were Black, Hispanics or belonged to another national minority. In inner and outer London, 29% and 22% respectively, of residents were from ethnic minorities in 2000.³⁶¹ In our study on racism and migrants we showed that in Vienna (the capital city of Austria) migrants represent 44% of the population. Two thirds of them come from the former Yugoslavia, Turkey or the Eastern European EU States.³⁶²

The following table 43 gives an overview of the migrants share amongst the labor force in the OECD countries, albeit one has to be cautious because the national statistics don't recognize second generation migrants as such.

Figure 52: The share of Migrants in the population, 1960 and 2005 (in %) ³⁶³



³⁶¹ See Peter Dicken: *Global Shift. Mapping The Changing Contours Of The World Economy* (Sixth Edition), The Guilford Press, New York 2011, p. 496

³⁶² Michael Pröbsting: *Marxismus, Migration und revolutionäre Integration* (2010); in: *Der Weg des Revolutionären Kommunismus*, Nr. 7, S. 31-33, <http://www.thecommunists.net/publications/werk-7>; in English: Michael Pröbsting: *Marxism, Migration and revolutionary Integration*, in: *Revolutionary Communism*, No. 1 (English-language Journal of the RCIT), p. 42 <http://www.thecommunists.net/oppressed/revolutionary-integration/>

³⁶³ Rolf van der Hoeven: *Labour Markets Trends, Financial Globalization and the current crisis in Developing Countries* (2010), UN-DESA Working Paper No. 99, p. 11

Table 43: Stock of foreign-born Labor Force in OECD countries, 1999-2008 ³⁶⁴

		Thousands and percentages									
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
AUS	Australia	..	..	2 360.2	2 397.1	2 450.6	2 502.0	2 584.0	2 663.1	2 778.9	2 914.9
	% of total labour force	..	..	24.5	24.6	24.7	24.9	25.0	25.2	25.8	26.5
AUT	Austria	470.1	474.2	514.9	507.3	557.3	584.6	624.6	662.0	695.4	682.8
	% of total labour force	12.3	12.4	13.5	13.3	14.3	15.3	15.6	16.2	16.8	16.3
BEL	Belgium	450.5	454.6	456.7	489.1	499.3	512.1	535.9	569.8	498.6	473.8
	% of total labour force	10.4	10.4	10.7	11.3	11.4	11.5	11.7	12.3	10.6	10.0
CAN	Canada	..	..	3 150.8	..	..	..	..	3 634.8	..	..
	% of total labour force	..	..	19.9	..	..	..	..	21.2	..	..
CHE	Switzerland	..	1 007.4	..	..	..	..	..	..	..	..
	% of total labour force	..	26.3	..	..	..	..	..	..	..	..
DNK	Denmark	..	..	..	..	154.4	161.0	167.1	175.3	188.1	202.7
	% of total labour force	..	..	..	..	5.4	5.9	6.1	6.4	6.6	6.8
ESP	Spain	645.1	804.4	1 085.5	1 448.4	1 832.6	2 240.7	2 782.0	3 229.6	3 719.8	4 132.6
	% of total labour force	3.8	4.5	6.1	7.8	9.5	11.2	13.4	15.1	16.9	18.2
FIN	Finland	..	..	..	..	81.3	87.6	96.0	102.1	112.8	124.2
	% of total labour force	..	..	..	..	3.1	3.4	3.6	3.9	4.2	4.6
FRA	France	..	..	..	..	2 855.8	3 052.9	3 025.6	3 146.6	3 308.6	3 332.8
	% of total labour force	..	..	..	..	10.7	11.3	11.1	11.4	11.9	11.8
GBR	United Kingdom	..	..	..	..	..	..	..	3 081.0	3 340.0	3 678.0
	% of total labour force	..	..	..	..	..	..	..	11.0	11.8	12.6
GRC	Greece	286.7	266.6	290.3	338.2	349.4	402.7	421.7	400.2	426.6	477.7
	% of total labour force	6.4	5.9	6.5	7.4	7.5	8.5	8.9	8.3	8.8	9.8
HUN	Hungary	68.7	66.8	55.2	54.8	77.0	85.2	78.9	73.8	73.7	89.8
	% of total labour force	1.7	1.7	1.4	1.3	1.9	2.1	1.9	1.7	1.8	2.1
IRL	Ireland	128.8	135.8	153.3	170.8	185.9	187.6	232.4	287.3	339.6	443.2
	% of total labour force	7.8	7.9	8.7	9.5	10.1	9.9	11.8	13.9	15.8	20.3
ITA	Italy	..	..	..	..	..	..	1 907.2	2 094.6	2 245.0	2 546.5
	% of total labour force	..	..	..	..	..	..	7.9	8.6	9.2	10.3
LUX	Luxembourg	72.6	75.5	79.0	79.8	84.1	89.1	89.8	91.3	98.3	98.7
	% of total labour force	40.4	41.0	42.0	41.4	43.5	45.0	44.4	44.6	46.6	46.4
MEX	Mexico	..	118.8	..	..	..	..	..	..	..	..
	% of total labour force	..	0.4	..	..	..	..	..	..	..	..
NLD	Netherlands	684.2	895.3	867.9	932.0	906.0	929.1	968.1	931.4	949.4	989.4
	% of total labour force	8.7	11.2	10.7	11.3	10.9	11.2	11.6	11.0	11.1	11.4
NOR	Norway	124.2	138.1	139.9	153.3	163.2	166.4	173.5	186.9	817.0	215.3
	% of total labour force	5.4	6.0	6.0	6.5	7.0	7.1	7.4	7.8	8.4	8.5
NZL	New Zealand	..	..	372.3	..	..	..	..	498.8	..	..
	% of total labour force	..	..	19.9	..	..	..	..	23.8	..	..
POL	Poland	..	..	..	..	..	58.8	55.9	50.9	43.2	51.7
	% of total labour force	..	..	..	..	..	0.4	0.3	0.3	0.3	0.3
PRT	Portugal	232.7	276.9	302.2	321.3	349.2	379.3	405.5	417.1	444.0	497.5
	% of total labour force	4.8	5.6	6.1	6.3	6.8	7.4	7.8	7.9	8.4	9.4
SWE	Sweden	428.3	445.5	448.7	442.5	452.8	461.4	497.8	521.6	..	..
	% of total labour force	9.8	10.1	10.0	9.9	10.1	10.3	10.8	11.2	..	..
USA	United States	17 054.7	18 028.5	18 994.1	20 917.6	21 563.6	21 985.2	22 421.6	23 342.9	24 777.8	25 085.5
	% of total labour force	12.3	12.9	13.4	14.6	14.8	15.1	15.2	15.6	16.3	16.5

³⁶⁴ OECD: International Migration Outlook 2010, p. 355

Dramatic effects for semi-colonies: Brain Drain and Remittances

The consequences for the semi-colonial countries are dramatic. Many skilled and highly qualified labor forces – educated in the home country – migrate to the imperialist metropolises to flee poverty and help their families to survive with remittances. As a result the semi-colonial countries suffer huge losses of labor forces and human knowledge.

This is not a recent phenomena but one which has existed for many decades. UNCTAD calculated that the imperialist countries gained by migration of educated professionals from the South to the North \$51 billion in human capital between 1961 and 1972.³⁶⁵

Eastern German economists gave figures in the late 1980s of about 50-60.000 highly qualified workers and scientists who left from the semi-colonies to the imperialist metropolises a year.³⁶⁶ According to the UN *Human Development Report* by 1987 nearly one-third of Africa's skilled people had moved to Europe.³⁶⁷ Over one-third of individuals with tertiary education from Africa, the Caribbean, and Central America emigrated to the United States and other countries of the OECD.³⁶⁸ Since then migration has increased even more. According to a World Bank report about 23.000 African academics leave their country every year. Today more African scientists are living in the USA than in Africa!³⁶⁹ The International Organization for Migration estimates "*that about 400.000 scientists and engineers from developing countries (between 30 and 50% of the total stock) were working in research and development in the industrial countries...*"³⁷⁰

Éric Toussaint gives an example which shows how drastic the brain drain from the South to the North is. In 1987 alone Sudan lost 17% of its doctors and dentists, 20% of its university teaching staff, 30% of its engineers and 45% of its land surveyors.³⁷¹ They all went to the imperialist countries. A similar process started in the former Stalinist countries after 1989-91.

It is one of the grotesque absurdities of modern capitalism that while about 250.000 African-born professionals work outside Africa, at the same time 100.000

³⁶⁵ See Éric Toussaint and Denise Comanne: Globalization and Debt; in: Éric Toussaint & Peter Drucker (editors): IMF/World Bank/WTO: The Free Market Fiasco, IIRE: Notebook for Study and Research No. 24/25, Amsterdam 1995, p. 12

³⁶⁶ Helmut Faulwetter: Die Ausbeutung der Entwicklungsländer durch das internationale Monopolkapital; in: Autorenkollektiv (unter Leitung von Peter Stier): Handbuch Entwicklungsländer. Sozialökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 17 and p. 184

³⁶⁷ UNDP: Human Development Report 1992, p. 57

³⁶⁸ World Bank: Global Development Finance 2003, p. 168

³⁶⁹ See Yohannes Woldetensae: Optimizing the African Brain Drain - Strategies for Mobilizing the Intellectual Diaspora towards Brain-Gain (2007), p. 3

³⁷⁰ International Organization for Migration: World Migration. Costs and benefits of international migration (2005), IOM World Migration Report Series Volume 3, p. 173

³⁷¹ Éric Toussaint: Your Money or your Life. The Tyranny of the Global Finance; Brussels 1999, pp. 104-105

non-African highly-paid professionals are employed in Africa for UN agencies and under the auspices of programs such as the Peace Corps!³⁷²

At the same time the remittances play an increasing role for the semi-colonial countries and they therefore become increasingly important for the imperialist states which control the financial flows and have the power to expel the migrants. According to calculations of the *International Organization for Migration* about \$414 billion were transferred in 2009 by migrants to their home countries, which is about three times the imperialists' official aid!³⁷³ In various countries of Africa remittances make up 5%-20% of their annual GDP, in some cases even half!³⁷⁴

James Petras correctly observed in an article on migration that the remittances are also profitable for the financial institutions and the local capitalist class to pay debts to their imperialist debtors: *"Immigrant remittances strengthen the retrograde parasitic regimes and whole strata of intermediaries who profit from the overseas transfers without contributing any resources to local development. Labor-exporting regimes substitute overseas earning for engaging in local investments. Instead they use foreign earnings to pay foreign debts incurred by corrupt local borrowers, military weapon purchases and upper class luxury imports, while providing hard currency allowing local MNCs to remit profits based on sales in the domestic market. Equally important income from immigrant remittances has allowed regimes to pay the huge financial obligations of financial institutions, which have engaged in massive fraud."*³⁷⁵

To keep its system of Global Apartheid the imperialist states finance a massive repression apparatus. According to the bourgeois academic Philip Martin, five of the richest imperialist states – Canada, Germany, the Netherlands, Britain and the USA – spent at least US\$ 17 billion on immigration control in 2002. The author estimates that the 25 richest Western countries are probably spending US\$ 25-30 billion a year on immigration control.³⁷⁶

Direct and Indirect Exploitation of Migrants

It is, of course, not possible for us to calculate the value transfer into the pockets of the capitalists via exploiting migrant labour forces without paying in full for their education. It is however possible to look for figures that demonstrate how migrants are exploited in the sphere of their social part of the wage. In Austria

³⁷² Philip L. Martin: Migration and development: Toward sustainable solutions (2004), p. 17

³⁷³ International Organization for Migration: About Migration. Facts & Figures (2010), <http://www.iom.int/jahia/Jahia/about-migration/facts-and-figures/lang/en>

³⁷⁴ Emmanuel Boon and Albert Ahenkan: The Socio-economic Contribution of African Migrants to their Home and Host Countries: The Case of Ghanaian Residents in Belgium, p. 12, <http://www.uclouvain.be/cps/ucl/doc/demo/documents/Boon.pdf>

³⁷⁵ James Petras: Following the Profits and Escaping the Debts. International Immigration and Imperial-Centered Accumulation, 8.8.2006, <http://dissentvoice.org/Aug06/Petras08.htm> (emphasis in the original)

³⁷⁶ Philip Martin: Bordering on Control: Combating Irregular Migration in North America and Europe (2003), International Organization for Migration, p. 6 and 15

for example migrants paid €1.6 billion contributions for social service in 2007 but received only €0.4 billion. Hence the Austrian state could appropriate €1.2 billion and use it for other purposes.³⁷⁷ The example from the year 2007 is no exception but the rule as other studies have shown.³⁷⁸

Another example how the capitalists profit from migrants labour can be seen in Britain. According to the then minister for migration, Liam Byrne, the „British economy“ gained about £6 billion in the year 2006. According to the then financial minister migrants' labour was responsible for 15%-20% of economic growth in Britain in the years 2001-2006.³⁷⁹

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. It continued: *“Another study revealed that the foreign-born population contributed around 10 per cent more to government revenue than they took in benefits, and that in the absence of their contribution either public services would have to be cut or taxes raised. Similarly, in Germany it was claimed that without the contributions from immigrants who came in 1988-91, the German social welfare system would have collapsed. In the US, a recent study at Rice University concluded that regular and irregular migrants who had arrived since 1970 cost the country USD 42.5 billion in 1992. But, more recently, the Urban Institute showed that, instead of a net cost of USD 42.5 billion, there was a net benefit for the US during the same period.”*³⁸⁰

And the British Trade Union Congress reported in a summary of various studies: *“They also find that immigration since 1998 has raised GDP by 3.1 per cent.”*

³⁸¹ They also report about various studies which calculated the financial transfer from the migrants to the imperialist state. In an overview they summarized:

*“In 2005 the IPPR updated this work to cover the five-year period from 1999/00 to 2003/4. The study presented similar findings in a different way: immigrants consistently made a higher net annual fiscal contribution than British born people. During periods when the budget was in surplus, immigrants made a higher net contribution; when the budget was in deficit immigrants' net negative contribution was lower.”*³⁸²

A hint of the huge benefits of migration for the capitalists is given by a World Bank study published in 2006. In it the author, Lant Pritchett, calculates that imperialist nations that let in 3 percent more migrant workers would gain \$51 billion by boosting returns to capital and reducing the cost of production.³⁸³

³⁷⁷ See Hans Gmünder: Straches Handlangerdienste, KPÖ, 10.11.07, [http://www.kpoe.at/index.php?id=23&tx_ttnews\[tt_news\]=105&tx_ttnews\[backPid\]=2&cHash=7fe484e968](http://www.kpoe.at/index.php?id=23&tx_ttnews[tt_news]=105&tx_ttnews[backPid]=2&cHash=7fe484e968)

³⁷⁸ See Gudrun Biffl: Die Zuwanderung von Ausländern nach Österreich. Kosten-Nutzen-Überlegungen und Fragen der Sozialtransfers (1997), WIFO, p. 8

³⁷⁹ House of Lords (Britain): Report - Economic Impact of Migration in UK (2008), p. 22

³⁸⁰ International Organization for Migration: World Migration. Costs and benefits of international migration (2005), IOM World Migration Report Series Volume 3, p. 170

³⁸¹ Trade Union Congress (Britain): The Economics of Migration. Managing the Impacts (2007), pp. 11-12

³⁸² Trade Union Congress (Britain): The Economics of Migration, ... p. 18

³⁸³ Lant Pritchett: Let Their People Come: Breaking the Gridlock on Global Labor Mobility, Center for Global Development, 2006, p. 4

Pritchett, a truly liberal imperialist ideologue and friend of Lawrence Summers (a former Treasury Secretary under Clinton and economic adviser of Obama), argues that Western democracies need to have “the stomach” for a “guest worker programme” like Kuwait or Singapore who import huge numbers of migrants without giving them any political or welfare rights. He argues that people should be convinced of the massive increase of super-exploited migrants without rights: *“If people become convinced that sending pregnant temporary workers home is a necessary part of a fair and legitimate system of migration, we’ll be willing to do it.”*³⁸⁴

If we look to the level of direct wages we can see super-exploitation again. According to different statistics in Austria migrants from semi-colonial countries (which are the huge majority of migrants compared with those coming from other imperialist states) officially get an income which is between 20-25% below the native Austrians’ income. Other statistics however give figures that workers from the most important migrant home countries (Balkan, Turkey, Eastern European EU states) only receive 40%-65% of the native Austrians income.³⁸⁵

A similar situation can be seen in the USA. A Harvard study on the economic effects of migration presented the findings of numerous surveys on the wage differences between migrant and native workers. The authors reported that nearly all surveys came to the conclusion that foreign employees earn between 15-30% less than native workers in North America and - while the figures here vary more - they also have a considerably smaller wage in Europe.³⁸⁶

³⁸⁴ Kerry Howley: Ending Global Apartheid. Economist Lant Pritchett defends immigration, the least-popular--and most-proven--idea for helping the world’s poor. Reason, February 2008, <http://reason.com/archives/2008/01/24/ending-global-apartheid/singlepage>. In this interview Pritchett explains quiet openly the logic of liberal imperialism:

“The free mobility of labor is incompatible with the welfare state if every person who is physically present in a location to perform an economic service automatically comes into the same set of welfare benefits as a local. That needn’t be the case.

This is what liberal democracies find hard. But it’s not impossible. You have to confront the injustice of the world and say this person is better off even without the welfare benefits, and this process is good for the world.

Reason: You then create a division between first- and second-class citizens. Isn’t that worrisome?

Pritchett: The world now is divided into first-class citizens of the world and fifth-class citizens of the world. The idea that we wouldn’t help a peasant trying to eke out a living on a side of a mountain in Nepal by letting him work in the United States, just because we have to, if he comes to the United States, endow him with all the rights of U.S. citizens—I think that moral calculus is backward.

So the first answer is: Milton Friedman is wrong. It’s not incompatible with a welfare state; it’s incompatible with a welfare state that doesn’t differentiate between people within its territory. Singapore manages to maintain an enormously high level of benefits for its citizens with massive mobility. Kuwait has one of the highest immigrant populations in the world, and you can’t ask for a more cradle-to-grave welfare state than what Kuwait gives its citizens. So it’s obviously possible to maintain whatever level of welfare state you want and have whatever level of labor mobility you want, as long as you’re willing to separate the issues.”

³⁸⁵ Eugen Antalovsky, Herbert Bartik, Alexander Wolffhardt in Zusammenarbeit mit Kenan Güngör: Gesamtfassung des ersten Wiener Diversitätsmonitors 2009, Erstellt im Auftrag der Stadt Wien, MA 17 Integration und Diversität, p. 105

³⁸⁶ Sari Pekkala Kerr and William R. Kerr: Economic Impacts of Immigration: A Survey (2011); Harvard Business School, Working Paper 09-013, p. 43

The economic advantage of migration to the imperialist monopolies is not limited to lower wages and unjust social service contribution. It consists also in the fact that as labor force with less or even no rights the bosses can sack them more easily than native workers. The mouth piece of big capital in Britain – *The Economist* – summarized two years ago the advantage of this super-exploited sector of the workers:

*“Another reason why migrants stay on, however, is that they are often well placed to respond to a slump. Those dynamic enough to hop between countries to find work are also the sort of people willing to change job, take a pay cut or move home within a country in order to keep working. Such flexible and productive labour is often just what flagging economies need. The OECD authors warn that rich countries should beware of losing out in the long-term if they discourage migration firmly now.”*³⁸⁷

The strategists of imperialist capital are quiet aware of the advantages of the super-exploitation of migrants. The World Bank published a report in 2006 which attempted to calculate the future economic benefits of migration for the capitalists. In this context the authors compared the different wage levels of workers in the same occupation in the different regions, i.e. in the imperialist countries (“high-middle income countries”) on one hand and the different types of semi-colonial countries on the other hand. In this comparison, they take into account the different price levels in the respective countries (which bourgeois economists call income adjusted for “purchasing power parity”). The World Bank report concludes that workers in more advanced semi-colonial countries (“upper-middle income countries”) earn about 42% of the wage level of workers in the same occupation in the imperialist countries, workers in less advanced semi-colonial countries (“upper-middle income countries”) earn about 27% and workers in very poor semi-colonial countries (“low-income countries”) earn about 20% of that level. (See Figure 53)

The World Bank report presents various estimations of the potential effects of increased migration to the rich countries till the year 2025. They conclude that in the imperialist countries it is mainly the capitalists who benefit from increased migration while workers will face negative effects on their wages: *“Native households in high-income countries enjoy a rise in income, on average, as returns to capital increase, offsetting the mild decline in wages.”*³⁸⁸

Naturally, the World Bank economists are not particularly worried that the rise of income means mainly a rise of the capitalists’ profits at the expense of wages: *“Assuming that all capital income accrues to native households, native households in high-income countries are on aggregate better off after the shock, with real incomes increasing by 0.4 percent. That is, the increase in capital income more than offsets the loss in wage income. (.....) In the high-income countries the gains are*

³⁸⁷ The Economist: Migration. Not crossing continents, 14.7.2010, <http://www.economist.com/blogs/newsbook/2010/07/migration&fsrc=nwl>

³⁸⁸ World Bank: Global Economic Prospects 2006, p. 26

generated by higher returns to capital—somewhat offset by lower wages.”³⁸⁹

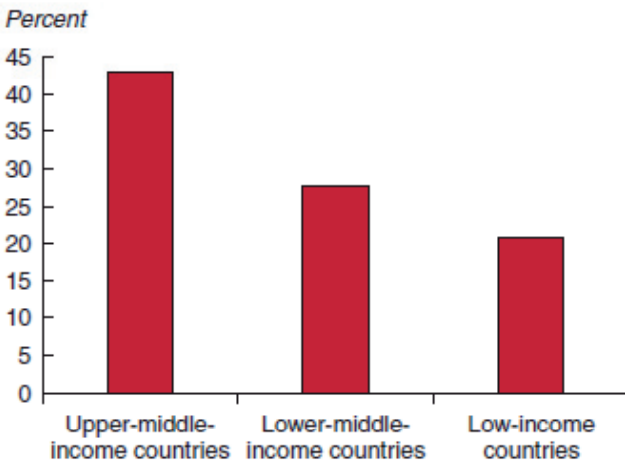
Furthermore, the World Bank esteems the possibility for capital to utilize migration for a general attack on the working class in the imperialist countries by cheapening the labor costs, increasing “labor-market flexibility” (i.e. easier hiring and firing) etc.:

*“Destination countries can enjoy significant economic gains from migration. The increased availability of labor boosts returns to capital and reduces the cost of production. A model-based simulation performed for this study indicates that a rise in migration from developing countries sufficient to raise the labor force of high-income countries by 3 percent could boost incomes of natives in high-income countries by 0.4 percent. In addition, high-income countries may benefit from increased labor-market flexibility, an increased labor force due to lower prices for services such as child care, and perhaps economies of scale and increased diversity.”*³⁹⁰

To summarize all these reports and facts we can conclude, that there is overwhelming evidence for the importance of the super-exploitation of migrants for the accumulation process of the imperialist capital.

Figure 53: Median Wages in Imperialist and Semi-Colonial Countries, 1988-92 (in %) ³⁹¹

Figure 3.1 Median wage levels for workers in the same occupation, relative to high-income economies, 1988–92^a



³⁸⁹ World Bank: Global Economic Prospects 2006, pp. 44-45

³⁹⁰ World Bank: Global Economic Prospects 2006, p. xii

³⁹¹ World Bank: Global Economic Prospects 2006, Economic Implications of Remittances and Migration, p. 59

Attempt for Total Calculation of Imperialist Plundering

In his book *'Late Capitalism'* Ernest Mandel correctly observed in the early 1970s that while extra profit from capital export and unequal exchange always played important role in the imperialist exploitation of the (semi-)colonial world, their impact varied. While in the period before World War II colonial extra profit deriving from capital export was more important, unequal exchange became the primary form of super-exploitation after the war.³⁹² But is this still true today?

Since Mandel made this observation four decades ago there have been two important changes. First, since the 1970s till today capital export in form of loans and other forms of financial capital massively gained in importance. Today extra-profits derived from imperialist money capital which is exported to the semi-colonial world are of huge importance as a gain for monopoly capital and as a loss for the semi-colonial countries.

Second, since the rise of globalization the internationalization of the production process has become a central feature of the world economy. As we explained above this lead to an enormous increase of extra profit of which a massive amount is hidden via pricing through which the profits appear as being created in the North while the surplus value is in fact produced via super-exploitation in the South. However, exactly because it is hidden it is very difficult for us to calculate the amount of extra profit squeezed out from the South.

Nevertheless we will try to elaborate a calculation of the extent of the imperialist plundering of the semi-colonial world. Let us remind the estimates of the Eastern German and the UN economists from the late 1980s and the early 1990s who calculated that the semi-colonial world was robbed by about 20-25% of their annual output.

As we said before, it is difficult for us to make such calculations since we do not possess all the information and also don't know the exact method the UN and Eastern German economists used to calculate. Nevertheless if we shall give a very provisional and rough estimate we could say the following.

i) According to Table 22 on the Net transfers of financial resources, the Southern countries transferred in the last years up to \$1 trillion annually to the North which is about the equivalent of 5% of these countries annual GDP in 2010.

ii) We also have the figure of illicit flows out of the Developing Countries of about more than US\$1 trillion annually.

iii) We take the estimation of about \$200 billion a year loss by the "invisible

³⁹² Ernest Mandel: *Late Capitalism*. London 1975, pp. 343-346. A – basically wrong – critique of Mandel thesis of value transfer can be found in Wolfgang Schoeller: *Werttransfer und Unterentwicklung. Bemerkungen zu Aspekten der neueren Diskussion um Weltmarkt, Unterentwicklung und Akkumulation des Kapitals in unterentwickelten Ländern* (anhand von E. Mandel, *Der Spätkapitalismus*), in: *Probleme des Klassenkampfes* (PROKLA) Nr.6 (März 1973)

transfer” for the 1990s which was a share of the semi-colonial GDP of about 3.3%. We calculate a similar share for now because we lack more actual assessments. But we note briefly that this is certainly a serious underestimation because since the 1990s the role of globalised production chains of multinational corporations has significantly increased and hence their opportunities to manipulate price setting and by this hiding the true value transfer from the South.

iv) Concerning the loss for the semi-colonial countries by migration we take the same proportion of their total loss as the UN did in their calculation of 1992 (see Figure 32). This was US\$250 billion in 1990 which amounted to about 10-12% of the developing countries annual national income. We estimate the same proportion for today. Again this is certainly an underestimation given the huge increase of migration since then.

v) We shall also add the various other forms of values transferred to the imperialist monopolies, which are mentioned above (loss by currency exchange, royalties for patents etc.), that are some additional hundreds of billions US-Dollar more.

If we add these various figures we can calculate that the imperialist robbery of the semi-colonial world has certainly increased since the early 1990s. It can be estimated that the value transfer from the semi-colonial world to the North is at least about 30% of the semi-colonial annual GDP if not rather more.

And this calculation is not complete since:

i) We have not integrated the huge profits which the capitalists make by migrant labor in the imperialist countries themselves.

ii) We have not integrated the extra profits which are hidden via pricing through which the profits appear as being created in the North while the surplus value is in fact produced via super-exploitation in the South.

iii) And we have not integrated the profits of the imperialist monopolies appropriated abroad which are not transferred back.

Despite the lack of precise calculations we can definitely say that imperialist plundering of the semi-colonies plays a very important role to the disadvantage of the so-called Third World and to the advantage of the imperialist monopolies.

The Egyptian socialist economist Samir Amin calculates an even higher share of imperialist robbery from the South. He estimates a “*volume of this imperialist rent, which seems to be on the order of half the Gross Domestic Product of the peripheries, or 17 percent of the world’s Gross Product and 25 percent of the centers’ GDPs*”.³⁹³ Without doubt, Amin is a progressive and very thoughtful theoretician. However since we have methodological differences with his theory of “worldwide value” and the dependency theory in general, we are cautious to adopt these calculations.

³⁹³ Samir Amin: The Surplus in Monopoly Capitalism and the Imperialist Rent, Monthly Review Volume 64, Number 3 (July-August 2012), <http://monthlyreview.org/2012/07/01/the-surplus-in-monopoly-capitalism-and-the-imperialist-rent>

Excuse: The Role of the Plundering of the Colonies for the Formation of Capitalism in Western Europe in the 16th to 18th Century

In this excuse we want to deal briefly with the historic reasons for the economic “backwardness” of the semi-colonial world. As we said one of the most important reasons for capital export to the semi-colonies is the prospect for the monopolies to exploit cheap labor forces. Various commentators argue that the lower wage level of the workers in the semi-colonies simply reflect the lower level of labor productivity and the more backward development of the productive forces.

While this argument contains an element of truth it is one-sided and thus wrong. In fact it betrays a certain imperialist ignorance and arrogance. First, it would be criminal to ignore the reasons *why* the semi-colonial economies are less productive than the imperialist economies. We have shown above in a quote from the British NGO Oxfam document that the economic inequality between countries was not so big in the 19th century. This is also confirmed in a study of Soviet economists from whom we reproduce the Table 44 below. It shows again that the gap in the economic development between Western Europe and the South was much smaller in mid-19th century – i.e. before the beginning of the imperialist epoch – than in mid-20th century.

It was the emergence of imperialism and the systematic exploitation of the South which hindered the latter from developing its productive forces in a similar way as it happened in Western Europe and the USA. This imperialist dominance led to a distorted economic development of the colonial world. Its industrialization was focused to satisfy the import needs of the metropolises. Hence the focus of the development of a raw material export sector, the enhancement of monocultures in agriculture etc. instead of an organic development of the economy with a strong industrial sector both for means of production and for consumption goods. Such a development could also have provided sufficient jobs for the agricultural labor force to leave the countryside and join the industrial sector. It is true that in the 18th and 19th century the South fell more and more behind the economic development of Western Europe. But this advance of Western European powers was not spontaneous or automatic, but was accompanied and supported from the beginning by a colonial plundering of the South.

While of course specific pre-conditions which facilitated the development of capitalism existed already in Western Europe, the systematic plundering of the colonies in the 16th to 18th century played a huge role for the formation of capitalism – the phase of the primitive accumulation.³⁹⁴ Marx himself already

³⁹⁴ Marx dealt with the specific pre-conditions for the development of capitalism in the *Grundrisse* where he pointed out several important factors in Western Europe like the relatively decentralized production of the surplus product, plots economy, a relatively weak state apparatus in relation to a

pointed this out in Volume One of *Capital*:

*“The Colonial system and the opening out of the markets of the world, both of which are included in the general conditions of existence of the manufacturing period, furnish rich material for developing the division of labour in society.”*³⁹⁵

He elaborated this later in the same volume:

“The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalised the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. On their heels treads the commercial war of the European nations, with the globe for a theatre. It begins with the revolt of the Netherlands from Spain, assumes giant dimensions in England’s Anti-Jacobin War, and is still going on in the opium wars against China, &c.

*The different momenta of primitive accumulation distribute themselves now, more or less in chronological order, particularly over Spain, Portugal, Holland, France, and England. In England at the end of the 17th century, they arrive at a systematical combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But, they all employ the power of the State, the concentrated and organised force of society, to hasten, hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of every old society pregnant with a new one. It is itself an economic power.”*³⁹⁶

In his comprehensive work on Marxist political economy Ernest Mandel attempts to give an overall calculation of the profit made by the plundering of the South by the European colonial powers. He arrives to the conclusion that between 1500 and 1750 they accumulated approximately one billion pounds of Gold Sterling. Mandel makes the following interesting comparison: *“This is more than the total capital of all steam-powered industrial enterprises which existed in Europe around 1800.”*³⁹⁷

Another figure shows how the capitalist exploitation increased the gap in wealth between the (former) colonial powers and the (semi-)colonial countries in the 19th and 20th century (see Table 44). While in 1850 the capitalist industrial states had a share in world income of 38% and the South of 62%, this relation drastically changed to 83% respectively 17% by 1960. Hence while the per capita income of the North was only 1.8 times bigger in relation to the South in 1850, this grew to an advantage of a 12.5 times bigger per head income in 1960.

Another figure is given by the late economist Angus Maddison whose analysis

relatively strong bourgeois class, relatively autonomy of the cities etc.

³⁹⁵ Karl Marx: *Das Kapital*, Band I; in: MEW 23, pp. 374-375; in English: *Capital*, Vol I; Chapter 14

³⁹⁶ Karl Marx: *Das Kapital*, Band I; in: MEW 23, p. 779; in English: *Karl Marx: Capital*, Vol I; Chapter 31

³⁹⁷ Ernest Mandel: *Marxistische Wirtschaftstheorie* (1962), Frankfurt a.M. 1968, pp. 552-553 (our translation)

of the history of the world economy was pioneering. In his *magnum opus* “*The World Economy: A Millennial Perspective*” he calculates that between 1820 and 1998 the Advanced Capitalist Countries in the North could increase their GDP per head from 1,130 to 21,470 US-Dollars, i.e. by 1900%. In the same period the Less Developed Capitalist Countries in the South could increase their GDP per head only from 573 to 3,102 US-Dollars, i.e. by 541%. In other words, the advanced capitalist countries who robbed the colonies and semi-colonies could grow more than 3.5 times faster than the countries of the South. (See Table 45)

Table 44: Distribution of National Income between the North and the South, 1850 and 1960 ³⁹⁸

	1850	1960
<i>Share of National income (in percent)</i>		
Developed capitalist countries	38%	83%
Asia, Africa, Latin America	62%	17%
<i>National income per head (in US-Dollar)</i>		
Developed capitalist countries	145	1037
Asia, Africa, Latin America	80	83

Table 45: Level of Per Capita GDP between the North and the South, 1820 and 1998 (in 1990 international dollars) ³⁹⁹

	1820	1998
<i>Advanced Capitalist Countries</i>		
Western Europe, North America, Australia, Japan	1130	21470
<i>Less Developed Capitalist Countries</i>		
Asia (except Japan), Africa, Latin America, Eastern Europe and USSR	573	3102

³⁹⁸ S.N. Beljajewa, E.M. Waschenzewa, I.I. Ermolowitsch, M.M. Koptew, E.I. Korezkaja, W.N. Kuwaldin, W.W. Mestscherjakow (Autorenkollektiv): *Politische Ökonomie - Kapitalismus* (1970), Berlin 1973, p. 137

³⁹⁹ Angus Maddison: *The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006*, p. 48

Roman Rosdolsky, the Ukraine Marxist historian and theoretician, correctly remarked in his study *'The Making of Marx's Capital'*, that "*the primitive accumulation is a constitutive element of the capital relation and therefore is included in 'the category of capital'.*"⁴⁰⁰

So we summarize that the plundering of the colonies already played an important role during the pre-imperialist epochs of capitalism. It decisively harmed the South's possibility for economic development. There can be no serious argument against the thesis that the Southern countries could have joined a path of economic growth later. But they never had the chance for an independent development because of colonial plundering and oppression.

⁴⁰⁰ Roman Rosdolsky: Zur Entstehungsgeschichte des Marxschen 'Kapitals'. Der Rohentwurf des Kapitals 1857-58, Band II, Frankfurt a. M. 1968, p. 327; in English: *The Making of Marx's Capital* (our translation)

Chapter 9: Revisionist Critiques of the Leninist Theory of Imperialism

Let us now deal with some criticism that has been raised by various centrist currents against the Leninist Theory of Imperialism. What these centrist criticisms have in common is that they deny implicitly or explicitly the fundamental contradictions of the imperialist epoch of which the super-exploitation of the semi-colonial world by monopoly capital is one of the prime features. Related to this is their open or hidden ignorance of the existence of the labor aristocracy as a top layer of the proletariat which is bribed by the monopolies. Centrism denies or ignores these essential features of imperialism because clear recognition of these would oblige them to openly struggle against all political, ideological and organizational currents related to the labor aristocracy. It would also oblige them to openly struggle against their own imperialist powers with all the consequences including defending all semi-colonies attacked by their imperialist power and calling for the defeat of the latter.

Centrism is not capable of such a consistent internationalist position. The reason for this is that it reflects in one or another form a petty-bourgeois class viewpoint. To be more precise, it reflects the pressure of the labor bureaucracy and the labor aristocracy as well as of the progressive intelligentsia which again adapts to the capitalist class and its state. Therefore they usually ignore the lower and oppressed strata of the proletariat. For the same reason they usually negate openly or implied the need to smash the capitalist state and the necessary violent character of the armed uprising and the socialist revolution in general. This is why the Bolshevik Party wrote in its Programme of 1919 that *“the ‘centrist’ movement is also a bourgeois distortion of socialism.”*⁴⁰¹

The Essence of Centrism

In an Open Letter in 1920 Lenin explained the class difference between Marxism, that is Bolshevism, on one hand and Centrism, that is Menshevism, on the other hand and hence the duty of communists to decisively break with the latter:

“In fact, a struggle is going on between the revolutionary proletarian elements and the opportunist petty-bourgeois elements. Today as in the past, the latter include the Hilferdings, the Dittmauns, the Crispiens, numerous members of the parliamentary groups in Germany and France, etc. A struggle between these two political trends is in progress in every country without exception. This struggle has a long history. It grew

⁴⁰¹ Programm der Kommunistischen Partei Rußlands (Bolschewiki) (1919); in: Boris Meissner: Das Parteiprogramm der KPdSU 1906-1961, Köln 1962, p. 124; in English: Program of the CPSU (Bolsheviks); adopted March 22, 1919 at the Eighth Congress of the Russian Communist Party

extremely acute everywhere during the imperialist war, and has become aggravated since then. Opportunism is represented by elements of the "labour aristocracy", the old bureaucracy in the trade unions, co-operative societies, etc., by the intellectualist petty-bourgeois strata, etc. Without the elimination of this trend—which, by its vacillation and its "Menshevism" (the Dittmanns and Crispiens fully resemble our Mensheviks) in fact exerts the bourgeoisie's influence on the proletariat from within the working-class movement, from within the socialist parties—without the elimination of this trend, a break with it, and the expulsion of all its prominent representatives, it will be impossible to rally the revolutionary proletariat.

By their constant veering towards reformism and Menshevism, and their inability to think and act in terms of revolution, the Dittmanns, the Crispiens, etc., without realising the fact, are actually carrying bourgeois influence into the proletariat from within the proletarian party—they subordinate the proletariat to bourgeois reformism. Only a break with such and similar people can lead to international unity of the revolutionary proletariat, against the bourgeoisie, and for the overthrow of the bourgeoisie."⁴⁰²

Trotsky, who experienced the various forms of centrism for much longer, gave in 1929 a comprehensive definition of centrism. He described it as a political expression of the interests and moods of the petty bourgeois labor bureaucracy:

"The main reservoir of international opportunism, that is, of class collaborationism, is the petty bourgeoisie, as a broad, amorphous class, or more correctly, a stratified accumulation of numerous subclasses left over from precapitalist production or newly created by capitalism, and forming a series of social rungs between the proletariat and the capitalist bourgeoisie. (...) The complete decline of the petty bourgeoisie, its loss of economic importance, deprived it forever of the possibility of working out an independent political representation that could lead the revolutionary movement of the working masses. In our epoch the petty bourgeoisie oscillates between the extreme poles of contemporary ideology: fascism and communism. Precisely these oscillations give the politics in the imperialist epoch the character of a malarial curve.

Class collaborationism in the workers movement has a more persistent quality precisely because its direct proponents are not the 'independent' parties of the petty bourgeoisie but rather the labor bureaucracy, which sinks its roots deep into the working class by way of the labor aristocracy.

The labor bureaucracy, by its conditions of existence, stands closer to the petty bourgeoisie (officialdom, liberal professions, and so forth) than to the proletariat. Nevertheless it constitutes a specific product of the working class movement; it is recruited from its ranks. In the primitive aspect, collaborationist tendencies and moods are elaborated by the whole petty bourgeoisie; but their transformation, their adaption to the peculiarities, to the needs, and above all to the weaknesses of the working class—that is the specific mission of the labor bureaucracy. Opportunism is its ideology, and it inculcates and imposes this ideology upon the proletariat by utilizing the powerful

⁴⁰² V. I. Lenin: Letter to the German and the French Workers. Regarding the Discussion on the Second Congress of the Communist International (1920), in: LCW Vol. 31, pp. 281-282

pressure of the ideas and institutions of the bourgeoisie, by exploiting the weakness and immaturity of the working masses. The forms of opportunism to which the labor bureaucracy resorts – open collaborationism, centrism, or a combination of both – depends upon the political tradition of a country, on the class relations of a given moment, on the offensive power of communism, and so forth and so on.

Just as under certain circumstances the struggle between bourgeois parties can assume a most violent and even sanguinary character, while remaining a struggle for the interests of the property of both sides, so the struggle between open collaborationism and centrism can assume an extremely violent and even desperate character at certain times, remaining within the limits of petty-bourgeois tendencies adapted by the labor bureaucracy in different ways for the maintenance of their positions of leadership in the working class.”⁴⁰³

Centrism’s basically opportunist essence does not hinder it from vacillating sometimes to radical, even revolutionary positions. In fact this combination of fundamental adaption to reformism with inconsistent zigzags to the left is characteristic of centrism. This is why Trotsky arrived to the following – as he called it – “scientific definition” of centrism:

“Centrism is the name applied to that policy which is opportunist in substance and which seeks to appear as revolutionary in form. Opportunism consists in a passive adaptation to the ruling class and its regime, to that which already exists, including, of course, the state boundaries. Centrism shares completely this fundamental trait of opportunism, but in adapting itself to the dissatisfied workers, centrism veils it by means of radical commentaries. If we proceed from this scientific definition, it will appear that the position, of our hapless critic is in part and in whole centrist.”⁴⁰⁴

Prior to continuing past this general characterization of centrism, including concrete criticism, we need to undertake a further differentiation. We said that centrism is an expression of petty-bourgeoisie. Given the context of this book it is important to point out the difference between the class position of the petty-bourgeoisie in the imperialist and the semi-colonial countries. In the imperialist countries the modern petty-bourgeoisie often exists in the form of the middle class (salaried or self-employed). Political trends related to these layers are often marked by adaption to the prejudices of the dominant class in these countries – imperialist monopoly capital. Therefore centrism in the imperialist world is often colored with spotting of pacifism, liberal secularism, ignorance towards the lower strata of the working class including migrants, softness towards their own imperialism and labor aristocracy, etc. Centrism in the semi-colonial world adapts too to non-proletarian layers. But given the nature of the semi-colonial countries as nationally oppressed and super-exploited by imperialism their opportunism can adapt towards imperialism (which is often channeled

⁴⁰³ Leon Trotsky: Crisis in the Right-Center Bloc (1928); in: Leon Trotsky: The Challenge of the Left Opposition (1928-29), pp. 311-12

⁴⁰⁴ Leon Trotsky: Independence of the Ukraine and Sectarian Muddleheads (1939); in: Writings 1939-40, p. 54

via interwovenness with NGO's or the sections of the labor bureaucracy which again is connected with social-imperialists like the leaders of the US trade union federation AFL-CIO) on one hand. But it can also often adapt towards bourgeois and petty-bourgeois nationalism as well as religious fundamentalism which is directed against imperialism on the other hand.

Coming from such a class analysis of centrism it was obvious for the Marxist classics to define it as a *"non-revolutionary, non-Marxist"* current inside the workers movement.⁴⁰⁵

Denial of Concept of Semi-Colonies

One of the essential pillars of the revisionist rejection of the Leninist Theory of Imperialism is their refusal to understand the so-called Third World countries as dependent semi-colonial nations. Such wrote the late SWP/IST leader Chris Harman:

*"Talk of the state as 'semi-colonial' or 'neo-colonial' reinforces such a misperception. Imperialism is an enemy anywhere. But most of the time the immediate agent of exploitation and oppression is the local ruling class and the national state. These collaborate with one or other of the dominant imperialisms and impose the horrors of the world system on the local population. But they do so in the interests of the local ruling class as well as its imperial ally, not because the local rich have temporarily forgotten some 'national interest' they share with those they exploit."*⁴⁰⁶

He argues that since the colonies gained formal state independence it would be wrong to call them "semi-colonial":

*"But in some of the most important cases independence did mean independence. Governments proceeded not only to take seats in the United Nations and set up embassies all over the world. They also intervened in the economy, nationalising colonial companies, implementing land reforms, embarking on schemes of industrialisation inspired by the preaching of the Latin American dependency theorists or, often, by Stalin's Russia. Such things were undertaken with varying degrees of success or failure in India, Egypt, Syria, Iraq, Algeria, Indonesia, Ghana, Equatorial Guinea, Angola, Taiwan and South Korea, as well as by the more radical regimes of China, Cuba and Vietnam. (...) To call regimes like Nasser's Egypt or Nehru's India 'neo-colonial' or 'semi-colonial' was a travesty."*⁴⁰⁷

Armed with such arguments, the IST leaders claim that Lenin's theory of imperialism is no longer relevant for today's world:

"The very strength of Lenin's approach rested on its insistence that the great Western powers were driven to divide and redivide the world between them, leading to war on the one hand and direct colonial rule on the other. This hardly fitted a situation in which

⁴⁰⁵ See for example Leon Trotsky: *Centrism and the Fourth International* (1939), in: Leon Trotsky: *On France*, New York 1979, p. 214

⁴⁰⁶ Chris Harman (SWP): *Analysing Imperialism*, p. 71

⁴⁰⁷ Chris Harman (SWP): *Analysing Imperialism*, p. 33

*the possibility of war between Western states seemed increasingly remote and colonies had gained independence.”*⁴⁰⁸

The same line of argument is repeated by John Rees, who was a long-time leader of the SWP/IST and currently leads – together with Lindsey German – the British group *Counterfire*:

*“Since the Second World War formal colonies have largely gained their independence. Oppressed nations have come and gone, fought their battle, and joined the international system of states in more or less subordinate ranks. This process began with the American colonies in the 1770s and ran through to the liberation of Ireland and India, among many others, in the 20th century. But that does not mean that the national question has disappeared—merely that it has, like imperialism itself, evolved new forms. The indigenous ruling classes that took the place of their colonial overlords have often struggled to suppress new nationalist forces within their, often artificial, boundaries. So it was, for instance, that the new post-independence Indonesian ruling class fought to suppress the East Timorese. Equally these new ruling classes have struggled with the still ever-present economic and military strength of the major powers. And this returns us to the need, as Lukács argued, to assess each anti-imperial struggle from the standpoint of the whole contemporary alignment of forces in the imperialist system.”*⁴⁰⁹

The same political logic is deployed by the British-based *Committee for Marxist Revival* (CMR), respective its main component, the Iranian exile group *Iranian Revolutionary Marxists’ Tendency* (IRMT). They argue that the relationship between the imperialist states and the South has fundamentally changed since the times of Lenin and Trotsky so that their theoretical model is no longer accurate today:

*“Although we are dealing with the same mode of production and epoch as that of Lenin and Trotsky, the world long ago entered a period that included important changes in the relationship between the imperialist countries and those they dominate. This theoretical viewpoint therefore needs an overhaul to make it relevant to a changed world.”*⁴¹⁰

The authors of this article, Maziar Razi and Morad Shirin, go on to explain the nature of this supposed fundamental change in the relation between the imperialist and the semi-colonial countries:

⁴⁰⁸ Chris Harman (SWP): *Analysing Imperialism*, p. 32

⁴⁰⁹ John Rees: *Imperialism: globalisation, the state and war*; in: *International Socialism Journal*, Issue No. 93 (2001), p. 26f.; <http://pubs.socialistreviewindex.org.uk/isj93/rees.htm>

⁴¹⁰ Maziar Razi and Morad Shirin (IRMT): *Modern imperialist domination and Islamic fundamentalism* (2008); <http://marxist.cloudaccess.net/impire/115-modern-imperialist-domination-and-islamic-fundamentalism.html#>. This is a document of the IRMT which they originally wrote at the time when they were members of the “International Marxist Tendency” of Alan Woods and the late Ted Grant. It was written against the background of a discussion before and around the 2008 Congress of the IMT. Yossi Schwartz, an Israeli Marxist (who at that time was a member of the IMT too) correctly took the position of support the military struggle of the Palestinians and of the Lebanese Hezbollah against the Israeli state. He also argued for the defense of Iran – including support for a military struggle of the Iranian army – against an imperialist attack. The IRMT comrades and the IMT leadership naturally argued against the anti-imperialist position.

“Trotsky’s position on the war between Fascist Italy and Ethiopia, and the British threats against a semi-Fascist Brazil, are similar to Marx’s position, for example, on the Russo-Turkish War in 1878. This is because the conditions had not changed fundamentally between 1878 and 1935 or 1938. The pace of development during those 60 years had not produced a qualitative change in the class structure of these societies.”

They claim that this change consists of the following:

“The main difference between then and now

We believe that when comparing the general international situation vis-à-vis the national and colonial question during the early twentieth century with today’s conditions there is one main difference: the Comintern was dealing with dependent countries as opposed to independent nations.

This new development, in turn, has had the following consequences: the indigenous bourgeoisie rather than European rulers has come to power; the indigenous bourgeois state apparatus and army uphold the status quo; capitalism had become the dominant mode of production in the former pre-capitalist societies; the growth and economic importance of the working class (rather than peasants); growth in industrial rather than agricultural production; shift to urban rather than rural living; and last, but not least, class struggle - especially of the proletariat - within the ex-colonial nation.”⁴¹¹

This whole argument is completely wrong from the beginning to the end. Of course it is true that most colonies have become formally independent states. Hence the working class in the South is often faced with native capitalists and a native government attacking them. However, while for Marxists this should be starting point for the analysis of the relationship between the South and the imperialist powers, the centrists thinking ends with this superficial description.

Did Lenin and Trotsky know of semi-colonies?

Let us start with the strange assumption of the centrists that Lenin, Trotsky and the Comintern were only dealing with colonies. This is simply wrong and a trick to declare the Marxist classics positions as sound *for the past period* they were living in but as no longer relevant for the present period today.

At the time of Lenin and Trotsky significant parts of the capitalistically less developed nations were not colonies but semi-colonies: these were mainly; nearly the whole of Latin America, Ethiopia, Liberia, Saudi-Arabia, Iran, Afghanistan, Thailand and China. In these countries more than 560 million people lived in 1913 which constituted 31.3% of the world population at this time.⁴¹²

⁴¹¹ Maziar Razi and Morad Shirin (IRMT): Modern imperialist domination and Islamic fundamentalism. (Emphasis in original)

⁴¹² We have calculated this figure based on figures given by Angus Maddison: While the world population in 1913 was 1791 million people, 560,6 million people lived in the semi-colonial countries: China (437 million), Latin America (80,5 million), Turkey (15 million; this country was not a semi-colony in 1913 but from 1920 onwards), Iran (11 million), Thailand (8,6 million), Afghanistan (5,7 million) and Saudi-Arabia (2,6 million). Unfortunately Maddison does not provide figures for

While these are historical facts which can hardly be denied, could it be the case that Lenin and Trotsky did not know about them? Of course this was not the case and in fact they repeatedly dealt with the case of semi-colonial countries. We have shown this with a number of quotes in Chapter 1 in *“The semi-colonial countries: a modified form of imperialist subjugation or independent capitalist states?”*. Also Lenin himself referred to the significant share of the semi-colonial countries of the world population.⁴¹³ Let us nevertheless return to this subject once again.

At its fourth congress the Communist International discussed, in its *“Thesis on the Eastern Question”*, the issue of the struggle in the colonies and semi-colonies extensively and developed the anti-imperialist united front tactic. In clear contradiction to the false claims of the IRMT comrades and others, the Comintern explicitly integrated the semi-colonial countries in the overall issue of the struggle of the part of the world which is oppressed and exploited by the imperialist powers. Let us give only a few examples:

*“Since then the struggle against imperialist oppression in the colonial and semi-colonial countries has become far more acute as the result of an intensification in the political and economic post-war crisis of imperialism.”*⁴¹⁴

In opposite to those like the Cliffite IST tradition who claim that imperialism didn't facilitate capitalist development, the Comintern already recognized this in 1922:

*“Precisely this weakening of imperialist pressure on the colonies, together with the steady intensification of the rivalry between the various imperialist groups, has facilitated the development of indigenous capitalism in the colonial and semi-colonial countries; it has outgrown the narrow and restricting limits of the imperialist rule of the great Powers, and this process is continuing.”*⁴¹⁵

The Comintern – again against the false claims of its revisionist critiques today – clearly recognised the existence of a working class in the colonial and semi-colonial countries and put it in the centre of its strategy:

“The communist workers' parties of the colonial and semi-colonial countries have a dual task: they fight for the most radical possible solution of the tasks of a bourgeois-democratic revolution, which aims at the conquest of political independence; and they organize the working and peasant masses for the struggle for their special class interests, and in doing so exploit all the contradictions in the nationalist bourgeois-democratic camp. By putting forward social demands they release the revolutionary energy for

Liberia and Ethiopia for 1913. (See Angus Maddison: *The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006*, p. 175, 213 and 241)

⁴¹³ See e.g. V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916); in: LCW Vol. 22, p. 258

⁴¹⁴ Communist International: *Theses on the Eastern Question*, 5 December 1922, Fourth Congress of the Communist International, in: Jane Degras: *The Communist International 1919-1943. Documents Volume I 1919-1922*, p. 383; We have republished this Thesis in the RCIT's English-language journal *Revolutionary Communism* No. 6. In the internet it can be found at <http://marxists.org/history/international/comintern/4th-congress/eastern-question.htm> (The translation of the internet version is not identically with the book version of Degras. Here we have used the version of Degras.)

⁴¹⁵ Communist International: *Theses on the Eastern Question*, p. 384

*which the bourgeois-liberal demands provide no outlet, and stimulate it further. The working class of the colonies and semi-colonies must learn that only the extension and intensification of the struggle against the imperialist yoke of the great Powers will ensure for them the role of revolutionary leadership, while on the other hand only the economic and political organization and the political education of the working class and the semi-proletarian strata of the population can enlarge the revolutionary surge of the struggle against imperialism.”*⁴¹⁶

Trotsky who outlived Lenin for 16 years – a time in which a number of anti-imperialist struggles in the South took place – dealt with the issues of semi-colonies repeatedly. What is obvious from his writings is his understanding that the semi-colonial countries share the same essence as the colonies – i.e. their class characteristics as countries super-exploited and oppressed by imperialist states.

*“As for the colonies I would hesitate to say which one of them is most typical as a colony: this would either be India, a colony in the formal sense, or China which preserves the semblance of independence yet in her world position and the course of her development belongs to the colonial type. Classic capitalism is in Britain. Marx wrote his Capital in London by directly observing the development of the most advanced country—you will know this, though I do not remember which year you cover this in... In the colonies capitalism develops not out of its own fragments but as an intrusion of foreign capital. This is what creates the two different types.”*⁴¹⁷

Trotsky expressed the same thought when he spoke in 1938 about Latin America as a quasi-colony of the United States:

*“The USA has no direct colonies, but they have Latin America and the whole world is a sort of colony for the United States ...”*⁴¹⁸

Of course, the same essence must not lead us to ignore the enormous differences between the various forms of colonial and semi-colonial countries as Trotsky explained:

“Colonial and semi-colonial – and therefore backward – countries, which embrace by far the greater part of mankind, differ extraordinarily from one another in their degree of backwardness, representing an historical ladder reaching from nomadry, and even cannibalism, up to the most modern industrial culture. The combination of extremes in one degree or another characterizes all of the backward countries. However, the hierarchy of backwardness, if one may employ such an expression, is determined by the specific weight of the elements of barbarism and culture in the life of each colonial

⁴¹⁶ Communist International: Theses on the Eastern Question, p. 389

⁴¹⁷ Leo Trotzki: Aussichten und Aufgaben im Osten (1924); in: Schriften 2.1, p. 52; in English: Leon Trotsky: Perspectives and Tasks in the East. Speech on the third anniversary of the Communist University for Toilers of the East (1924), <http://www.marxists.org/archive/trotsky/1924/04/perspectives.htm>

⁴¹⁸ Leo Trotzki: Weitere Diskussionen über das Übergangsprogramm (1938) in: Der Todeskampf des Kapitalismus und die Aufgaben der IV. Internationale. Schriften zum Programm, p. 70; in English: Leon Trotsky: Discussions with Trotsky on the Transitional Program (June 1938), <http://www.marxists.org/archive/trotsky/1938/tp/tpdiscuss.htm>

country. Equatorial Africa lags far behind Algeria, Paraguay behind Mexico, Abyssinia behind India or China. With their common economic dependence upon the imperialist metropolis, their political dependence bears in some instances the character of open colonial slavery (India, Equatorial Africa), while in others it is concealed by the fiction of State independence (China, Latin America)."⁴¹⁹

So we see that Trotsky was fully aware of the existence of semi-colonial countries. But in opposition to its revisionist critiques today, he understood that these types of countries are essentially a form or a variation of colonies exploited and oppressed by imperialism.

When did the Epoch of Imperialism begin?

Before we continue this argument we want to briefly point out that there is a certain tendency amongst some centrists to confuse the date of the beginning of the imperialist epoch. As we have seen in the quote from the IRMT comrades Maziar Razi and Morad Shirin they speak about the period 1878-1938 as one and the same: "This is because the conditions had not changed fundamentally between 1878 and 1935 or 1938. The pace of development during those 60 years had not produced a qualitative change in the class structure of these societies."⁴²⁰

A similar mistake can be seen in the writings of the Cliffite SWP/IST. Their main theoretician Alex Callinicos develops a new understanding of the imperialist epoch and classifies it in the "Classical Imperialism, 1875-1945" and "Superpower Imperialism, 1945-1990".⁴²¹

As it is well known, Lenin and all Communists since then dated the beginning of the imperialist epoch to the end of the 19th century and the beginning of the 20th century.

"Imperialism, as the highest stage of capitalism in America and Europe, and later in Asia, took final shape in the period 1898-1914. The Spanish-American War (1898), the Anglo-Boer War (1899-1902), the Russo-Japanese War (1904-05) and the economic crisis in Europe in 1900 are the chief historical landmarks in the new era of world history."⁴²²

This different assessment of the beginning of the imperialist epoch is not a pedantic issue about exact dates but reflects a different understanding of what

⁴¹⁹ Leo Trotzki: Revolution und Krieg in China (Vorwort zu Harold Isaacs' 'The Tragedy of the Chinese Revolution') (1938); in: Schriften 2.2, p. 911; in English: Leon Trotsky: The Chinese Revolution (Introduction to Harold R. Isaacs, The Tragedy of the Chinese Revolution, London 1938); <http://www.marxists.org/archive/trotsky/1938/xx/china.htm>

⁴²⁰ Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran? 25 January 2012, in: Marxist Revival No. 12, December 2011/January 2012, p. 3, <http://marxist.cloudaccess.net/mideast/233-where-should-we-stand-if-us-israel-attack-iran.html>

⁴²¹ Alex Callinicos: Marxism and Imperialism today, in: A. Callinicos, J. Rees, C Harman & M. Haynes: Marxism and the New Imperialism, London 1994, p. 22 and 27

⁴²² V. I. Lenin: Imperialism and the split in socialism (1916); in: LCW Vol. 23, p. 106. See also for example V. I. Lenin: The Discussion on Self-Determination Summed Up (1916); in: LCW Vol. 22, pp. 341-42 or various remarks from Lenin in his book on imperialism.

the main features of this epoch are. While of course the Cliffite SWP/IST as well as the IRMT pay lip-service to a definition of the imperialist epoch as one of monopolization, in reality they – consciously or unconsciously – see the form of colonial domination as the main feature used to differentiate different epochs. For these revisionists the question of formal colonies or dependent countries is the essential question so they date the beginning of the imperialist epoch to the time when the Great Powers drive to colonize the whole world accelerated dramatically (around 1875). When most of the South got rid of the colonial domination and became formally independent but remained semi-colonies (i.e. after the WWII) the centrists date a new period – in effect a kind of new epoch.

For us on the other hand the decisive characteristic of the imperialist epoch is the rule of the monopolies which results in the super-exploitation and oppression of the (semi-)colonial world (whatever the concrete form is). This is how Lenin and Trotsky saw it, as we have shown with numerous quotes in this book.

“Sometimes the Creation of ,Independent’ States leads to a Strengthening of Imperialism.” (Lenin)

Does this mean that nothing has changed since the WWII? No, of course there have been tremendous changes; the national liberation struggles in the colonies which led to formal independence and a transformation into semi-colonial status, massive industrialization, the strengthening both of the working class in the South as well as of the native bourgeoisie – to name some of the most important. But the revisionists conclude wrongly from this that the essence of the relationship between the rich, imperialist and the poorer, (semi-)colonial countries has changed.

They do not understand that capitalism in general has massively transformed in the last century. One hundred years ago the working class had to fight nearly everywhere in Europe for fundamental democratic demands like the universal right to vote, to assembly etc. Today these exist for most workers (except for many migrants). One hundred years ago the working class had to fight nearly everywhere in Europe for their own flat or house. They could not even dream of their own car. Today many workers (albeit not all!) possess such in the imperialist countries. While no worker had a telephone at that time, today even a number of workers in the poorer countries own a mobile telephone.

It is a classic liberal argument with which all class fighters are only too familiar with: the liberals argue that the changes would supposedly demonstrate that Marxism might have been justified 100 years ago but does not correspond with the reality today. *“The working class”* – goes the liberal myth – *“does not exist any longer”*. Or, as other liberals say, the working class is only the industrial worker and hence it is diminishing in importance in the imperialist world.

All Marxists of course argue against this, that these changes – certainly not to be ignored – have not changed the *substance* of capitalist exploitation of the working class, but only its form. Karl Marx once stated in *Capital* Volume I that one must look scientifically behind the outward appearance to recognize the true essence: “*But all science would be superfluous if the outward appearance and the essence of things directly coincided.*”⁴²³

With or without a car or a mobile, with dirty working clothes or a well-dressed office uniform – the workers get only paid a part of their working hours and the rest is appropriated as surplus labor by the capitalists and transformed into profit. With or without voting rights, the political system is dominated by the monopolies and the working class is still the exploited and oppressed class in the bourgeois-parliamentary system.

Let us take another example: there was and still is an important difference between a small handicraft business consisting of let us say 5 workers on one hand and a modern big enterprise with high-technological robots and computers and a huge workforce on the other. It is obvious that the forms of value creation and of exploitation are very different in these two cases but both share the fundamentally essential characteristic – the capitalist exploitation of the workers. As we said this does not mean that the changes in form and appearance are to be ignored, since form and essence are related. In fact – as the leading Soviet philosopher in the 1920s, Abraham Deborin, remarked – “*the ‘Essence’ includes the ‘Insubstantial’ and contains the relationship to the Other, i.e. its inner correlation.*”⁴²⁴ However, this relationship has to be put in the right context or let us say it more precise its *inner hierarchy*.

Surely the SWP/IST, IRMT and similar-thinking comrades will agree with such arguments against the liberal “*Working class and Marxism is dead*” nonsense. But unconsciously they repeat the same liberal, petty-bourgeois logic when they claim that the relationship between the imperialist North and the semi-colonial South has fundamentally changed, has changed to such a degree that the latter cannot be defended against the imperialists, changed to such a degree that a number of the Southern countries have become “sub-imperialist” and so on.

But as we have shown in this book with many examples, this is not true. The imperialists still super-exploit the semi-colonial world. We have also shown above that Lenin and Trotsky considered the imperialist super-exploitation of colonies as well as of semi-colonies as of essentially the same nature. Lenin once remarked in a note to Bukharin’s book *Economics of the Transformation period*: “*Sometimes the creation of ‘independent’ states leads to a strengthening of imperialism.*”⁴²⁵

⁴²³ Karl Marx: *Das Kapital*, Band III, MEW 25, p. 825; in English: Karl Marx: *Capital*, Vol. III, Chapter 48

⁴²⁴ Abram Deborin: *Lenin als revolutionärer Dialektiker* (1925); in: Nikolai Bucharin/Abram Deborin: *Kontroversen über dialektischen und mechanistischen Materialismus*, Frankfurt a.M. 1974, p. 57 (our translation)

⁴²⁵ W. I. Lenin: *Randbemerkungen zu Nikolai Bucharins ‘Ökonomik der Transformationsperiode’* (1920), Wien 1929, p. 31; in English: W. I. Lenin: *Notes on Nikolai Bukharins ‘Economics of the*

In his *Draft Theses on National and Colonial Questions for the Second Congress of the Communist International*, Lenin warned particularly against the illusion that the semi-colonial countries could gain anything like real independence as long as imperialist continues to exist:

*"... the need constantly to explain and expose among the broadest working masses of all countries, and particularly of the backward countries, the deception systematically practised by the imperialist powers, which, under the guise of politically independent states, set up states that are wholly dependent upon them economically, financially and militarily. Under present-day international conditions there is no salvation for dependent and weak nations except in a union of Soviet republics."*⁴²⁶

After WWII there were a number of national liberation struggles which succeeded in driving out the colonial powers like Britain, France, Belgium or the Netherlands. These struggles, of course, deserved the full and unconditional solidarity from the international working class movement. However, these national liberations struggles were not completed. Given the petty-bourgeoisie and bourgeois leaderships of these anti-colonial struggles, these new states remained capitalist and hence they remained trapped in the imperialist world economy. At the same time the US had become the undisputed leading imperialist power. It traditionally possessed fewer colonies since it was an imperialist state which arrived as a world power after the world was already divided amongst the colonial empires. Therefore a transformation took place from the direct rule of the old colonial powers to the indirect rule of the new colonial power – US imperialism. Indeed, in this way imperialism was strengthened.

Backward Countries without Industry and Proletariat?

The centrists justify their critique by the assumption that in the times of Lenin and Trotsky there was hardly any industrialization of the colonial and semi-colonial countries and hence hardly any proletariat existed. Since this is different today, so their argument goes, we cannot apply the Leninist theory of imperialism under the present conditions. So for example the IRMT comrades write:

"Trotsky was dealing with pre-capitalist or very weak capitalist countries, with no significant working class movement - when dealing with Brazil he mentions the British proletariat but not the Brazilian one. But could such a position be taken now, if say an imperialist power were to threaten Brazil for some reason? Could Marxists overlook the fact that during the past 70 years Brazilian capitalism has grown by leaps and bounds? That there has been a huge growth in class differentiation and social inequalities among these classes? That the working class has been involved in many struggles and has matured to the level that it has experienced both a reformist labour government and

Transformation period' (1920) (our translation into English)

⁴²⁶ V. I. Lenin: *Draft Theses on National and Colonial Questions for the Second Congress of the Communist International*; in: LCW Vol. 31, p. 150

factory councils? That many other sections of society, like black people, have also developed important mass movements?"⁴²⁷

In fact Lenin and Trotsky were of course fully aware of the ongoing process of industrialization of the (semi-)colonial world and the formation of an indigenous proletariat. Trotsky observed that after WWI a massive flow of capital export took place into the South:

*"The United States have accumulated an unbelievable quantity of gold: in the vaults of the Central Bank there is kept gold to the value of 3,000m dollars, that is 6,000m gold roubles. This inundates the economy of the United States. If you ask: to whom do Britain and the United States give loans? —for as you have probably heard they are still not giving loans to us, the Soviet Union, nor do they give them to Germany, they gave France some miserable crumbs to save the franc—so who do they give them to? For the most part they give them to the colonial countries; they go to finance the industrial development of Asia, South America and South Africa. I shall not give you figures: I do have some but this would drag out my report too much, but it is sufficient to say that up to the last imperialist war the colonial and semi-colonial countries received from the United States and Britain probably about half as much in credits as did the developed capitalist countries, yet now financial investments in the colonial countries exceed, and exceed very considerably, investments in the old capitalist countries. Why is this? The causes are many but the chief ones are two: a lack of confidence in old Europe, ruined and bled white, with this furious French militarism at its heart—a militarism which threatens ever fresh upheavals; and on the other hand the need for the colonial countries as furnishers of raw materials and as customers for the machines and manufactured goods of Britain and the United States. During the war we observed and we observe now the headlong industrialization of the colonial, semi-colonial and of the backward countries in general: Japan, India, South America, South Africa and so on."*⁴²⁸

Against the notion of the IMRT that the Comintern dealt with countries which had no workers, Lenin noted already in 1916 that a working class existed in a majority of the oppressed countries:

*"The colonial and semi-colonial nations, we said, account for 1,000 million people, and P. Kievsky has not taken the trouble to refute that concrete statement. Of these 1,000 million, more than 700 million (China, India, Persia, Egypt) live in countries where there are workers. But even with regard to colonial countries where there are no workers, only slave-owners and slaves, etc., the demand for "self-determination", far from being absurd, is obligatory for every Marxist. And if he gave the matter a little thought, Kievsky would probably realise this, and also that "self-determination" is always advanced "for" two nations: the oppressed and the oppressing."*⁴²⁹

⁴²⁷ Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran?, p. 3

⁴²⁸ Leo Trotzki: Aussichten und Aufgaben im Osten (1924); in: Leo Trotzki: Europa und Amerika (Zwei Reden), Berlin 1926, pp. 110-111.; in English: Leon Trotsky: Perspectives and Tasks in the East. Speech on the third anniversary of the Communist University for Toilers of the East (1924), <http://www.marxists.org/archive/trotsky/1924/04/perspectives.htm>

⁴²⁹ V. I. Lenin: A Caricature of Marxism and Imperialist Economism; in: LCW Vol. 23, p. 64 (Emphasis in original)

Now let us look at the facts. It is wrong to present the (semi-)colonial world in Lenin's and Trotsky's time as one without proletariat. True, there were regions with hardly any industrialization. It is, of course, also true that the imperialist countries were far more advanced in their capitalist development than the countries of the South. But important regions already had a certain degree of industry and a domestic proletariat. In Egypt manufacturing and construction represented 10.8% of GDP (1907), in India 14.6% (1886) and in Sri Lanka 14% (1881).⁴³⁰ Around the beginning of the 20th century the industrial sector contributed in Argentina 18% to the domestic product. In Mexico the share was 14%.⁴³¹ In the 1920s and 1930s industrial production represented a small, but significant part of the total output in Latin America (see Table 46).

This level of industrial development had certain similarities with the degree of capitalist development in Eastern European semi-colonial states. In 1930 industrial employment as a share of total employment were 17% (Poland), 11% (Yugoslavia), 9% (Romania) or 8% (Bulgaria).⁴³²

While various centrists deny or downplay the degree of capitalist development and the proletarianization and also the importance of semi-colonial states in the times of Lenin and Trotsky, they tend to deny or downplay the class character of oppression and super-exploitation of the semi-colonial countries by imperialism since the WWII. Thus they present the relationship between the imperialist and the semi-colonial countries as one of inequality, different development, yes even one which is influenced with "neo-colonialism". But by this, they remain on the surface and don't look at the deeper, essential characteristics of this relationship.

Table 46: Evolution of Industrialization in selected Latin American countries, 1929-1957 (industrial output as % of GDP)⁴³³

	<i>Argentina</i>	<i>Mexico</i>	<i>Brazil</i>	<i>Chile</i>	<i>Colombia</i>
1929	22.8%	14.2%	11.7%	7.9%	6.2%
1937	25.6%	16.7%	13.1%	11.3%	7.5%
1947	31.1%	19.8%	17.3%	17.3%	11.5%
1957	32.4%	21.7%	23.1%	19.7%	16.2%

⁴³⁰ UNIDO: Industry in a Changing World, New York 1983, p. 92

⁴³¹ Celso Furtado: Economic Development of Latin America. Historical Background and contemporary problems, New York 1984, p. 105

⁴³² Gerold Ambrosiu and William H. Hubbard: Sozial- und Wirtschaftsgeschichte Europas im 20. Jahrhundert, München 1986, p. 61

⁴³³ Celso Furtado: Economic Development of Latin America. Historical Background and contemporary problems, New York 1984, p. 108

In fact, they deny or ignore the *systematic character of oppression and super-exploitation* which takes the form of class antagonism between the imperialist bourgeoisie on one hand and the proletariat and the semi-proletarian, toiling masses (poor peasantry, urban poor) on the other side. In this class antagonism the semi-colonial bourgeoisie is to a certain degree oppressed too since it is forced to hand over a part of the surplus value produced in its country to the imperialist capital and it is substantially limited in its independent political decisions as a state by the dictates of the Great Powers and their international institutions like IMF, World Bank, WTO etc. This is why Trotsky spoke about the colonial and semi-colonial bourgeoisie as a “*semi-ruling and semi-oppressed class*”. This is the reason why it sometimes comes into a temporary conflict with imperialist powers. However it is incapable of taking a consistent stand against imperialism. Quite the opposite! A consistent stand against imperialism would require a break with imperialism. But without the world capitalist system – which is and can only exist in an imperialist form – the semi-colonial bourgeoisie would lose its economic basis. Therefore the semi-colonial bourgeoisie has no choice then but to subordinate itself to the imperialist powers which – as we said – does not exclude short, temporary clashes between the two.

Centrists like Maziar Razi and Morad Shirin of the IRMT or the leaders from the IST and CWI however believe that such a class antagonism between the imperialist and semi-colonial countries doesn't exist or doesn't possess a central importance. Rather the semi-colonial bourgeoisie is reduced to be only a local agent of imperialism or a profiteer of imperialist super-exploitation. We give a few examples to show this un-dialectical removing of the class antagonism between the imperialist states and the semi-colonies. Thus the IRMT writes:

*“Political independence that removes the main obstacle to capitalist development - colonial domination - has therefore always been the main political aim of the bourgeoisie of these countries. Once the bourgeoisie was in power, however, its main reason for being against imperialism disappeared (even though in a number of cases this is just formal independence). So while the ‘national bourgeoisie’ was opposed to the colonial administration it is now no longer fundamentally opposed to the economic domination of the country by imperialism.”*⁴³⁴

The conflicts between the imperialist and the semi-colonial bourgeoisie – which are so obvious that the centrists can't deny these facts – are reduced as superficially “explained” as scuffles between “*thieves of all sizes*”:

*“This ‘national bourgeoisie’, which in many aspects is a client of the bourgeoisie of the imperialist countries, nevertheless, has its own interests that may come into conflict with the imperialists. But so long as there are super-profits then there is enough for thieves of all sizes.”*⁴³⁵

⁴³⁴ Maziar Razi and Morad Shirin (IRMT): Modern imperialist domination and Islamic fundamentalism (Emphasis in original)

⁴³⁵ Maziar Razi and Morad Shirin (IRMT): Modern imperialist domination and Islamic fundamentalism

This “sloppy” formulation removes the class difference between the imperialist and the semi-colonial bourgeoisie and by this removes the difference between a conflict involving an imperialist and a semi-colonial state and a conflict between two imperialist states. This is the “advantage” of such revisionist formulation of a conflict between “*thieves of all sizes*” that it opens the door to the betrayal of the necessary defence of semi-colonies against the real gangster bosses – the imperialist powers.

Indeed, the IRMT believe that the contradictory position of the semi-colonial bourgeoisie – expressed in Trotsky’s formulation about the “*semi-ruling, semi-oppressed class*” – has no validity today. They rather state that the semi-colonial bourgeoisie is a ruling class similar to the imperialist ruling classes: “*Once the ‘national bourgeoisie’ comes to power it becomes the ruling class.*”⁴³⁶

Hence the struggle for real independence from imperialism is declared an “irrelevant issue”:

*“As for ‘the fight of an underdeveloped nation for independence against imperialism’, this is, historically speaking, largely irrelevant.”*⁴³⁷

To help this betrayal a wrong differentiation between the colonial and the semi-colonial bourgeoisie is introduced. While the colonial bourgeoisie was – according to the IRMT comrades – “*fundamentally opposed to the economic domination of the country by imperialism*”, the semi-colonial bourgeoisie is not so anymore. This is, of course, wrong. Yes, there are certain differences but fundamentally the colonial bourgeoisie also were not “*fundamentally opposed to the economic domination of the country by imperialism*”. This is why it didn’t wage any consistent struggle but rather looked for an arrangement with the colonial rulers. This was already recognized by the Comintern:

*“That is why the ruling classes among the colonial and semi-colonial peoples are unable and unwilling to lead the struggle against imperialism in so far as that struggle assumes the form of a revolutionary mass movement.”*⁴³⁸

The close connection between denying the semi-colonial character of the countries of the South on a theoretical level and the betrayal of the internationalist duty to defend the semi-colonies in a war against imperialist forces in practice becomes obvious in the example of the CWI, whose historic leading section and international centre has always been in Britain.

⁴³⁶ Maziar Razi and Morad Shirin (IRMT): Modern imperialist domination and Islamic fundamentalism

⁴³⁷ Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran? 25 January 2012, p. 2

⁴³⁸ Communist International: Theses on the Eastern Question, 5 December 1922, Fourth Congress of the Communist International, in: Jane Degras: The Communist International 1919-1943. Documents Volume I 1919-1922, p. 385

The CWI and the “imperialist” Argentina

Taking Argentina, which the CWI failed to defend against the British imperialism’s war on the Malvinas in 1982, these centrists demonstrate how fast the discard of the Leninist theory of imperialism leads to theoretical confusion and practical desertion. So instead of stating clearly the (imperialist) class character of Britain and the (semi-colonial) class character of Argentina, the CWI replaces the Marxist categories with confusing, “common sense” (God save us from the Anglo-Saxon pragmatism!) categories and “characterizes” both countries as “*two fading second or third division powers*”:

*“Twenty years ago in 1982, British imperialism’s war with Argentina over the Falklands/Malvinas islands burst out like a sudden storm. This minor war between two fading second or third division powers, cynically described as “two bald men fighting over a comb”, only lasted ten weeks.”*⁴³⁹

In another document, the central CWI leader Peter Taaffe, even states that Argentina itself is somewhat “imperialist”:

*“This was the programme advocated by us at the time of the Malvinas/Falklands conflict. This was not a classic conflict between an imperialist power and a ‘colony’ in which Marxists were called upon to ‘critically’ support the latter. Argentina was a relatively developed capitalist power. It was not a feudal or semi-feudal regime in which the bourgeois-democratic revolution needed to be completed (apart from freeing Argentina from the economic vice of US imperialism and the world market, which is a socialist task). It was itself ‘imperialist’ towards other countries in Latin America – exporting capital and exploiting them – as well as being ‘exploited’ by the major imperialist powers. Moreover, it had a more developed capitalist structure than pre-1917 Russia, for instance. The latter, according to Lenin and Trotsky, was both a ‘semi-colony’ of Anglo-French imperialism and, at the same time, an ‘imperialist’ oppressor of the 57% of the population of the Tsarist Empire who were non-Russians. Lenin and the Bolsheviks never supported Russia, a ‘semi-colony’, in the wars against Japan in 1905, for instance, or German imperialism in the First World War.”*⁴⁴⁰

Hardly any sentence of this makes sense. Let us first briefly refute the assertion that Lenin and Trotsky saw Russia as a semi-colony. The CWI hopes that its readers are unaware that the Bolsheviks clearly characterized Russia under the Tsar as an *imperialist state* – not as a semi-colony. Yes, there was an *element* of a semi-colonial relationship towards French financial capital but this was a *subordinated* aspect. That’s why the Bolsheviks were clear in their characterization of Russia as imperialist. In their theoretical organ during the First World War, the Bolsheviks recognized that “*the Russian imperialism differs from Western European imperialism in many aspects. It is not an imperialism*

⁴³⁹ Roger Shrivies: Falklands/Malvinas 1982 - Thatcher’s War Of Saving Face, in: The Socialist (CWI) 3 May 2002, http://www.socialistparty.org.uk/html_article/2002-252-index#article4

⁴⁴⁰ Peter Taaffe: Afghanistan, Islam and the Revolutionary Left (2002), CWI, <http://www.socialistworld.net/pubs/afghanistan/afghanchp1.html>

*of the latest stage of capitalist development. Russia is a country which imports capital, which is an object of capital exporting countries. The Russian imperialism is a feudal, militaristic imperialism. (...) There is no imperialism which is cruder, more barbaric, and bloodier than Russian imperialism.”*⁴⁴¹

Trotsky later explicitly emphasized the difference between a semi-colonial bourgeoisie like the one in China and the imperialist bourgeoisie like the one in Russia before 1917:

*“The Russian bourgeoisie was the bourgeoisie of an imperialist oppressor state; the Chinese bourgeoisie, a bourgeoisie of an oppressed colonial country.”*⁴⁴²

It was the Stalin bureaucracy which for some time spread the nonsense that Russia before 1917 was a “semi-colony” but even they had to give up this ridiculous nonsense after some time. The CWI however wishes to revive what for Marxists is nothing but an embarrassing example of intellectual striptease.

It hardly needs elaboration why Argentina can never be compared with imperialist Russia which in the late 19th century and early 20th century was one of the longest-standing and biggest powers in Europe and world-wide.

Lumping together Britain and Argentina as essentially both capitalist “second or third division powers” serves as pretext for the CWI’s desertion in the class struggle but is a smack in the face of reality. Let us briefly compare the economic, politically and military strength of these two “second or third division powers”: In 2003, when the CWI wrote such nonsense, Britain had 77 of the world-wide biggest 1000 corporations. Argentina had ... none.⁴⁴³ Argentina’s GDP per head was 5.150 \$ - the equivalent of 1/8 of Britain.⁴⁴⁴ Britain is one of the five veto-wielding powers in the United Nations and possesses a significant army with approximately 225 nuclear weapons and the world-wide fourth-biggest military budget.⁴⁴⁵ Argentina, on the other hand, has no meaningful influence in world economy and world politics. So we see that there is an abyss between the economic, political and military power of Britain and Argentina. Any failure to recognize this is criminal stupidity to justify a petty-bourgeois desertion from class struggle when it is most urgently needed – in the case of an imperialist war.

The next quote from the CWI leadership shows us another form of distortion of the Marxist theory of Imperialism:

“Nevertheless, in the past period of world economic upswing, Argentinean capitalism developed a semi-industrialised basis of its own. It is ludicrous to portray Argentinean

⁴⁴¹ Grigori Sinowjew: Die russische Sozialdemokratie und der russische Sozialchauvinismus (1915); in: W. I. Lenin/G. Sinowjew: Gegen den Strom. Aufsätze aus den Jahren 1914-1916, Hamburg 1921, pp. 174-175 (our translation)

⁴⁴² Leon Trotsky: The Third International After Lenin, New York 1970, p. 174

⁴⁴³ See The BusinessWeek Global 1000, in: BusinessWeek, 14. July 2003

⁴⁴⁴ See World Bank: World Development Report 2008, pp. 334-335

⁴⁴⁵ See Hans M. Kristensen and Robert S. Norris: British nuclear forces, 2011, *Bulletin of the Atomic Scientists* 2011, <http://bos.sagepub.com/content/67/5/89.full.pdf+html>; Laurent Joachim: Die Unkosten des Krieges. Billionen vom Staat für Blei, Stahl, Sprengstoff und Elektronik, 10.06.2012, <http://heise-online.mobi/tp/artikel/37/37028/1.html?from-classic=1>

capitalism as a completely dependent, 'comprador' capitalism, dominated by the agents of foreign capital. This is the analysis offered by some of the sects in an attempt to justify their support for the Junta.

A few crucial statistics reveal the absurdity of this position. In 1979, industry accounted for 45% of GNP, compared to 13% for agriculture (and 42% for services). Manufactured goods, it is true, account for only 22.7% of the country's exports, compared to 65.5% for food and agriculture, thus reflecting the weakness of Argentine industry on world markets. But the urban population now accounts for over 82% of the total population. Twenty-nine per cent of the active population work in industry, as compared to only 14% in agriculture (57% work in the enormous service sector). In other words, Argentina, despite its continued neo-colonialist subservience to American, West European and Japanese big business, nevertheless has all the characteristics of a semi-industrialised capitalist economy.

If there were an Argentinean population on the Islands, subjected to British rule against their will, the situation would be different. Then there might be a case for the "national liberation" of the Islands. But this is not the case. Apart from one or two Argentines married to Islanders, there have been no Argentineans on the Islands for 150 years."⁴⁴⁶

The last paragraph is obviously a particularly vulgar form of adaption to British imperialism. Since the British colonial empire succeeded in preventing Argentina for more than 150 years to bring the islands in front of its coast under their control and since Britain succeeded in sending a few settlers to these islands, Argentina – according to the CWI social chauvinists – has lost its national rights on a territory which is in front of its coast but more than 12.700 kilometres away from Britain. This is nothing but a justification for the conquests of centuries of Western colonialism!

However the quote represents a good example of the typical confusions. The CWI says "it is ludicrous to portray Argentinean capitalism as a completely dependent, 'comprador' capitalism, dominated by the agents of foreign capital". This is a deliberate exaggeration and confusion, since no one claims that it is "completely dependent". This is the nature of semi-colonies; otherwise they would be just colonies.

The Example of Argentina

It also nonsensical to argue that Argentina is a "semi-industrialised capitalist economy". So what? The whole world is industrializing as a result of the development of the productive forces. But this doesn't remove the relationship of super-exploitation by the imperialist monopolies. In fact as we have shown above

⁴⁴⁶ Lynn Walsh: Falklands war: what lessons for the labour movement?; in: Militant International Review, Nr. 22, Juni 1982; reprinted by the Socialist Party (CWI): Falklands war: what lessons for the labour movement?; in: Socialism Today, No 108, April 2007, <http://www.socialismtoday.org/108/falklands.html>

the more the semi-colonial world industrializes, the more surplus value is created in these countries and the more extra-profits can be, and indeed are, appropriated by the imperialist monopolies. Argentina is an example for this. One third of its banking sector is foreign-controlled. It's economy has been traditionally dominated by multi-national corporations from the imperialist countries. According to a recent study the imperialist monopolies increased their control in the past decades so that in 2003 their share of the output of the 500 Argentine leading firms was already more than 4/5:

*"The number of TNC affiliates among the 500 Argentine leading firms increased from 219 in 1993, to 318 in 2000, to 340 in 2003, mainly through the takeover of public or private domestic firms. Their share in total output increased from 60 percent in 1993, to 79 percent in 2000, to 82 percent in 2003. (...) In 1963, TNC affiliates accounted for 46 percent of total value added and 36 percent of employment for leading industrial firms. In 1997, the equivalent figures were 79 and 61 percent, respectively."*⁴⁴⁷

Argentina recently had to put a 20% cap on the amount of land available to foreign landowners. This was the reaction to the fact that in the last 10 years foreign corporations such as the Benetton family, Chinese corporations, etc. tripled their possession from 7 to 20 billion hectares.⁴⁴⁸

Additionally, Argentina has been plundered by the imperialist financial institutions (including British banks!) for decades. It pays a significant proportion of its export income to the monopolies for debts and interests. In 1977 this was 27.4%, in 1986 it was even 82.8% of its annual export income (remember this was the time when the CWI declared that Argentina was not a semi-colony). While this share declined to 25.1% in 1994, it exploded again to 74.7% in 1999. Recently it has declined to 16.7% (2010) of its exports of goods, services and income. This is the equivalent nearly 4% of its total Gross National Income (in 2006 it was even 10.4% of its annual total income).⁴⁴⁹ And this is not the whole degree of imperialist robbery of Argentina since these are only the figures for the debt payments and not the other forms of value transfer to the North which we explained in the chapters above.

Finally, let us remember the economic disaster which the imperialist monopolies inflicted on Argentina in 2001 (and after) which drove the country into an economic and social collapse. This was a historic proof of the real position of Argentina in the world order.

So we see that while Argentina is not "*completely dependent*" it was and is

⁴⁴⁷ Daniel Chudnovsky and Andrés López: Foreign Investment and Sustainable Development in Argentina, Working Group on Development and Environment in the Americas, Discussion Paper Number 12, April 2008, p. 6; http://ase.tufts.edu/gdae/Pubs/rp/DP12Chudnovsky_LopezApr08.pdf

⁴⁴⁸ Mia de Graaf: Limiting Foreign Land Ownership: A Law in the Making, 28 September 2011. <http://www.argentinaindependent.com/currentaffairs/newsfromargentina/limiting-foreign-land-ownership-a-law-in-the-making>

⁴⁴⁹ Argentina - total debt service. Total debt service (% of exports of goods, services and income); <http://www.indexmundi.com/facts/argentina/total-debt-service>; World Bank: Global: Development Finance 2012. External Debt of Developing Countries, p. 68

dominated and super-exploited by the imperialist monopolies. It is this “small detail” which is ignored by the CWI centrists, a “small detail” which however expresses the different class character between a semi-colonial Argentina and imperialist countries like Britain.

Argentina, of course, was no exception in the sad history of the CWI’s failed anti-imperialism. The CWI – politically and ideologically linked with the British labor bureaucracy and via them adapted to British imperialism – repeated such a refusal of defense of a semi-colony under attack by imperialism in the Gulf war 1991 and 2003 and during the imperialist assault on Afghanistan in 2001 and the following occupation. Again the CWI leadership invoked its distortion of the Leninist imperialism theory and getting on the wrong track, it ended up with the vulgar banalities of “powers” instead of class characterization in theory and the withdrawal of revolutionary anti-imperialism in practice. In the case of the imperialist wars on Iraq the CWI leadership even flirted with characterizing Iraq as a “regional imperialist power”:

*“Whether a country is imperialist depends on its economic structure and the specific interests of its ruling class. An underdeveloped country, in which the few existing industries are monopolized and strongly intertwined with the banks, is also imperialist. (Provided the capitalists are at least sufficiently strong, that they rule and not some large landowners). The bourgeoisie of a colonial country like India is also trying to suck their profits from other countries if they can. Its attempts to subject Sri Lanka have shown that. Saddam Hussein’s annexation of Kuwait was also imperialist. Nevertheless, they are only regional imperialist powers.”*⁴⁵⁰

We will not start dwelling into these new insights of CWI centrists about “colonial imperialists”. It was no accident that they did not officially repeat much longer such nonsense about the “regional imperialist” Iraq in public. However, they kept this approach as the underlying method for their refusal to defend semi-colonies in an imperialist war. In the case of the imperialist war against Afghanistan the CWI leaders hardly could argue that this was a “regional imperialist powers” without risking becoming the laughing stock of the left. So they invented the argument that the Taliban are reactionary and highly unpopular amongst the Western working class so it would be wrong for them to side with the Taliban against the imperialist troops (including the British).⁴⁵¹

⁴⁵⁰ Wolfram Klein: Hintergründe der kolonialen Revolution (1991); in: Die koloniale Revolution, Herausgegeben von Stuttgarter VORAN-Unterstützern (1991), p. 6 (Emphasis in the Original; our translation). The German original is: „Ob ein Land imperialistisch ist, hängt von seiner Wirtschaftsstruktur und den von ihr bestimmten Interessen der herrschenden Klasse ab, Auch ein unterentwickeltes Land, in dem die wenige vorhandene Industrie stark monopolisiert und mit den Banken verflochten ist, ist imperialistisch. (wenn die Kapitalisten zumindest so stark sind, daß sie herrschen und nicht irgendwelche Großgrundbesitzer). Die Bourgeoisie eines kolonialen Landes wie Indien versucht auch, ihre Profite aus anderen Ländern zu saugen, wenn sie kann. Seine Versuche, Sri Lanka in seine Abhängigkeit zu bringen, haben das gezeigt. Saddams Husseins Annektion von Kuwait war ebenso imperialistisch. Trotzdem sind das nur imperialistische Regionalmächte.“

⁴⁵¹ See Peter Taaffe: Afghanistan, Islam and the Revolutionary Left (2002), CWI, <http://www.socialistworld.net/pubs/afghanistan/afghanchp1.html>

The SWP/IST and the Debt Dependency

Another example of centrist ignorance of the Leninist theory of imperialism is the confusion of the British SWP/IST about the debt crisis. Their central leader and university professor Alex Callinicos wrote in a presentation of *“Marxism and Imperialism today”*:

*“It would be a mistake, however, to see the debt crisis as simply marking the imposition of a new form of ‘dependency’ on the Third World.”*⁴⁵² He continues:

“The debt crisis thus involves not so much a conflict between nation states, rich and poor countries, but a class struggle in which the Latin American bourgeoisie, increasingly integrated into the international financial circuits, aligns itself with the Western banks and multinational corporations in demanding solutions which further open up their economies to the world market.”

This is another form of cynical confusion of imperialist-centrism. Of course the financial plundering of the South via the debt trap is indeed a form of dependency. As we have shown above (see in Chapter 8 our sub-chapter *“Extra profits via capital export as money capital (loans, currency reserves, speculation etc.)”*) the semi-colonial countries have repaid between 1980 and 2002 eight times what they owed in 1980. At the same time, by 2002 their amount of still existing debts had increased to \$2,400 billion, more than four times the amount of 1980. This is a pretty obvious “new form of dependency” which could be comprehended even with simple “common sense”.

This form of dependency is certainly not new – well it might be new to Professor Callinicos but it is certainly not so new for the Latin American countries. In the 1920s for example, Argentina had to pay for its debts on average 20% of export proceeds, a proportion which shot up to 35% in the first few years of the Great Depression after 1929.⁴⁵³

The IST leader refers to the complicity of the Latin American bourgeoisie. This is, of course, true – a small thief usually tries to make deals with the gangster boss and make a living out of it. It is again certainly not a new phenomenon as the role of debt service in the 1920s shows. However, for a Marxist it is necessary to answer the following questions: Which class is paying the price for this? What are the potential contradictions in the relationship between the “small thief” and the “gangster boss”? Since the debt service is paid from the surplus value produced by the working class in the indebted, semi-colonial countries, this question affects the proletariat and the toiling masses directly. It affects them even more since the debt trap increases the exploitation, i.e. it robs the working class of an even bigger share of the value it produced and lowers their wage share.

⁴⁵² Alex Callinicos: *Marxism and Imperialism today*, in: A. Callinicos, J. Rees, C. Harman & M. Haynes: *Marxism and the New Imperialism*, London 1994, p. 37

⁴⁵³ Arturo O’Connell: *The Return of “Vulnerability” and Raúl Prebisch’s Early Thinking on the “Argentine Business Cycle”*; in: *CEPAL REVIEW* 75 (December 2001), p. 61

In addition to this it would be stupid to ignore the contradictions in the relationship between the “small thief” and the “gangster boss”. Yes, they collaborate usually in their business, however sometimes they get in conflict with each other. We saw this in the Malvinas war in 1982 where the British SWP/IST used its rejection of the Leninist theory of imperialism as a pretext to refuse support for Argentina’s struggle against the British imperialism. We saw it again recently when the Kirchner government in Buenos Aires nationalized the Spanish oil giant Repsol and put a cap on the amount of land sold to foreign investors. The imperialist war against Iraq in 2003 and the looming war against Iran are other examples for this.

In short, the blurring of the class contradictions between imperialist and semi-colonial countries, the blurring of their different class positions into vulgar categorizations of “bigger and smaller powers” etc. – all this does not only lead to a decline in scientific Marxist analysis but also to a practical refusal to side with the semi-colonial countries in their resistance against imperialism.

Is there still a National Question of the Semi-Colonial Countries?

All this shows how absurd the centrist claim to declare “*the fight of an underdeveloped nation for independence against imperialism*” as “*largely irrelevant*” is. Similarly nonsensical is the CMR/IRMT statement: “*The ‘national interest’ of the nation-state is against all the basic rights of the nationalities as well as workers.*”⁴⁵⁴

In fact the IRMT is a model to show the absurd consequences of this “*imperialist economism*” as Lenin used to call the ignorance of the national and democratic questions in the epoch of imperialism. Economism ignores that the economic process of value creation and exploitation is necessarily interwoven with the political and ideological superstructure. Capitalism is after all a political and economic unity of class contradictions. It can only exist as a totality of economic production relations and political, social and ideological superstructures. These different spheres depend on each other – with the economic basis as the final determinant – and can only exist in correlation. Ivan K. Luppel, a leading Soviet philosopher in the 1920s, once remarked, that „*the reality is the synthesis of the appearance and the essence*“.⁴⁵⁵ And indeed, form and essence are inextricably related to each other.

Commodities can only be exchanged on a regular level if there is social regulation and legal security. Labor force needs reproduction – hence various social forms (family, possibility for relaxation, child care facilities etc.) are

⁴⁵⁴ Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran? 25 January 2012, p. 2

⁴⁵⁵ Ivan K. Luppel: Lenin und die Philosophie. Zur Frage des Verhältnisses der Philosophie zur Revolution (1928), p. 202 (our translation)

necessary. Economic and social activity necessities language – hence the importance of language rights for national minorities. The inequality between women and men has direct consequences for the woman’s possibilities for an existence independent of man etc. From all these flow the importance of political and social questions. The process of economic exploitation is coated, interwoven and deformed with various forms of state and social oppression mechanism. It is no accident that Marx spoke about *political* economy. Trotsky once rightly remarked: „*Thus, pure economics is a fiction.*“⁴⁵⁶

It is in this context that national questions have to be seen. Yes, issues like full national sovereignty are democratic questions which affect not only workers, but it affects workers too. Furthermore, the working class has an interest to rally the toiling masses, including sections of the petty-bourgeoisie, behind it. But the CMR/IRMT comrades lack any understanding of this. Worse, they even consider the defense of national sovereignty as “*totally reactionary*”:

“Therefore, when a country is threatened in some way, the international left should not look to defend the national sovereignty or territorial integrity of these countries. The workers and other exploited and oppressed classes in these countries have material interests that are opposed to those of their own bourgeoisie and they therefore have no common ‘national interest’ with it. (...)

The bourgeoisie of the country may expect such support but the workers must know that the nature of such a disagreement with imperialism is totally reactionary and that if it really leads to war then the best way to fight imperialism is for the exploited and oppressed masses, led by the most advanced layers of the working class, to organise the military resistance to the invaders and mobilise to overthrow the regime. (...)

Because of its balancing act between the masses and its ties to imperialism on the one hand, and its own national (and regional) interests as a minor bourgeois partner of imperialism on the other, the indigenous bourgeoisie may in certain situations adopt not only ‘anti-imperialist’ rhetoric, but provoke diplomatic incidents and even start some small scale military action. Whatever the outward manifestation of these conflicts of interest the indigenous bourgeoisie remains fundamentally regressive and reactionary. There is no progressive content to these disagreements with imperialism. Not only is the bourgeoisie unwilling to engage in a real anti-imperialist struggle - i.e., one that is also anti-capitalist and for socialism - but, as the ruling class, it wants to uphold the status quo. The interests of the workers in these countries are the same as workers in the imperialist or advanced capitalist countries.”⁴⁵⁷

Similarly, the historic leader of the IST, late Tony Cliff, betrayed his “imperialist economism” when he stated that the “*national identity of the future ruling classes*” in the oppressed countries should not be an issue “*to argue over*”:

⁴⁵⁶ Leon Trotsky: Philosophical Tendencies of Bureaucratism; in: Leon Trotsky: The Challenge of the Left Opposition (1928-29), p. 399

⁴⁵⁷ Maziar Razi and Morad Shirin (IRMT): Modern imperialist domination and Islamic fundamentalism (my emphasis)

*“For revolutionary socialists in the advanced countries, the shift in strategy means that while they will have to continue to oppose any national oppression of the colonial people unconditionally, they must cease to argue over the national identity of the future ruling classes of Asia, Africa and Latin America, and instead investigate the class conflicts and future social structures of these continents. The slogan of “class against class” will become more and more a reality. The central theme of Trotsky’s theory remains as valid as ever: the proletariat must continue its revolutionary struggle until it is triumphant the world over. Short of this target it cannot achieve freedom.”*⁴⁵⁸

The same centrist logic was argued in the early 1970s by another leading theoretician of the IST, University lecturer Nigel Harris: *“A by-product of the economic expansion was increased economic domination of the backward countries. But increased economic domination does not necessarily mean increased dependence. It remains true that imperialism does produce wars, but not so much between the advanced and the backward countries as between the advanced countries. And this is true even when the backward countries are the scenes of the war.”*⁴⁵⁹

This is without doubt an amusing statement of Professor Harris! *“Increased economic domination does not necessarily mean increased dependence.”* As we have shown above with numerous facts, it did mean so and not accidentally but necessarily. *“It remains true that imperialism does produce wars, but not so much between the advanced and the backward countries as between the advanced countries.”* Again, one wonders about such a statement which is in flagrant contradiction with reality. It is in flagrant contradiction not only in the world after 9/11, but was already bizarre at the time when it was written, in 1971. At that time US imperialism’s war in Vietnam was at a highpoint! What is the meaning of the statement: *“And this is true even when the backward countries are the scenes of the war”*? It means that if there are wars in semi-colonial countries, they are – according to the IST theoreticians – mainly proxy wars of US and “Soviet imperialism”. This nonsense not only denies the national liberation aspect of the oppressed peoples’ struggles against the imperialist powers. (Let us also briefly point out that the class difference between imperialist and semi-colonial countries is also neglected in the liberal terminology of “advanced” and “backward” countries.) The denial of the workers’ state character of the USSR and China and their denunciation as imperialist “super-powers” was also a convenient excuse for the Cliff/IST tradition to betray progressive struggles – as they did for example when they took a neutral position in the Korean War against US imperialism in 1950-53.

In opposite to the IST, the Communist International defended the view that there is still a national issue in the semi-colonial world. It correctly explained in its main resolution on the oppressed peoples at its Fourth Congress in 1922,

⁴⁵⁸ Tony Cliff (SWP): *Deflected Permanent Revolution* (1963), <http://www.marxists.org/archive/cliff/works/1963/xx/permrev.htm>; see on this also Tony Cliff: *Die Ursprünge der Internationalen Sozialisten. Die Weiterentwicklung der Theorien Trotzki’s nach 1945*, Frankfurt a. M. 2000, p. 76

⁴⁵⁹ Nigel Harris: *Imperialism Today*, in: Nigel Harris, John Palmer (Editors): *World Crisis. Essays in Revolutionary Socialism*, London 1971, p. 129

that for the semi-colonial countries the imperialist oppression and exploitation continues “*under the cloak of formal independence*”:

*“The danger of an agreement between bourgeois nationalism and one or several rival imperialist Powers is far greater in the semi-colonial countries like China or Persia, or in the countries which are fighting for their independence by exploiting inter-imperialist rivalries, like Turkey, than it is in the colonies. Every such agreement means a wholly unequal division of power between the indigenous ruling classes and imperialism, and, under the cloak of formal independence, leaves the country in its former position as a semi-colonial buffer State in the service of world imperialism.”*⁴⁶⁰

No, weakening the imperialist grip of the land and the national income is not an irrelevant issue or even against the interest of the workers. Imperialism makes the workers and the toiling masses poorer. It is as simple as that. There still exists a “national question” in the semi-colonial world despite their formal independence. The masses instinctively know this. This is why the toiling masses in the semi-colonies usually support strongly such a move as we can see in the case of the nationalization of Repsol in Argentina. This is why the masses supported and support armed resistance against imperialist occupiers as everyone could see in Iraq and Afghanistan in the recent past. One must be really a sectarian diehard to condemn this as backward or even reactionary!

The new Theory of “Sub-Imperialism”

To blur the class contradictions between the imperialist and the semi-colonial world centrists like the SWP/IST, IRMT or Marxist Tutum introduce a new category – “sub-imperialism”. Alex Callinicos explained the SWP/IST understanding of this concept in the following way:

*“A key factor in the development of a more pluralistic and therefore more unstable world order has been the rise over the past two decades of the sub-imperialisms that is, of Third World powers aspiring to the kind of political and military domination on a regional scale which the superpowers have enjoyed globally. (...) Plainly the nature of the sub-imperialisms is a crucial issue in any attempt at understanding contemporary imperialism. Behind the phenomenon of the sub-imperialisms lies the partial industrialization of the Third World and the consequent emergence of new centers of capital accumulation outside the imperialist core.”*⁴⁶¹

Callinicos also makes a list of countries which he considers as “sub imperialist”. It includes “*Israel, Iran, Iraq, Egypt, Syria and Turkey (...) India, Vietnam, South Africa, Nigeria, Brazil and Argentina*”.⁴⁶²

Therefore the Gulf war between Iraq and Iran in 1980-88 was a war between

⁴⁶⁰ Communist International: Theses on the Eastern Question, 5 December 1922, Fourth Congress of the Communist International, in: Jane Degras: The Communist International 1919-1943. Documents Volume I 1919-1922, pp. 390-91

⁴⁶¹ Alex Callinicos: Marxism and Imperialism today, in: A. Callinicos, J. Rees, C Harman & M. Haynes: Marxism and the New Imperialism, London 1994, p. 45

⁴⁶² Alex Callinicos: Marxism and Imperialism today, p. 45

two sub-imperialist powers:

*“The war became a war of attrition between two middle sized capitalist powers, two ‘sub-imperialisms’.”*⁴⁶³

Similarly the British SWP/IST leadership justified their refusal to defend Argentina against Britain in the Malvinas war in 1982 by referring to the supposed “sub-imperialist” character of Argentina. Hence for these centrists the war between Britain and Argentina over the Malvinas in 1982 was reactionary on both sides. In the same article Callinicos approvingly quotes two Argentine authors who state:

*“It was neither an anti-colonial struggle nor a struggle between oppressed and oppressor nations. The contending parties were an emergent capitalist country with regional and continental imperialist features, and a longstanding imperialist power which, though in marked decline, is still a powerful force. There was not a progressive and a reactionary camp.”*⁴⁶⁴

Callinicos comments on this:

*“Generalising from this broadly correct analysis of the Falklands War we could then argue that the same process of capitalist development which gave rise to imperialism in the first place now produces sub imperialism. (...) Inevitable the expansion of industrial capitalism bursts out of national border, giving rise to regional conflicts between rival sub-imperialisms – between Greece and Turkey, India and Pakistan, Iran and Iraq – and often, in the absence of such rivalries, to the growing regional dominance of a particular sub-imperialism (South Africa in southern Africa, Australia in the South Pacific). While this analysis has a large measure of truth it is essential to qualify it. For the rise of the sub imperialism has not taken place in a vacuum. Nor has it created a world composed of capitalist states the differences between whose power are ones of degree rather than of kind.”*⁴⁶⁵

So when we see masses in the South enter the streets protesting against imperialist domination, the SWP/IST has no other explanation than referring to the psychology of the people, their memories of the past:

*“Memories of such humiliating subordination to the imperialist powers survived long after the acquisition by these states of a much more effective degree of independence. They help to explain why anti imperialist rhetoric continues to have a massive popular appeal in countries which can no longer in any sense be regarded as semi colonies.”*⁴⁶⁶

We will focus here not on the whole SWP/IST’s revisionist theory of imperialism but only on their concept of “sub-imperialism”.⁴⁶⁷ Essentially the SWP/IST

⁴⁶³ Alex Callinicos: Conference Report; in: Socialist Worker, 29 September 1987; quoted in: Workers Power: SWP: wrong positions on Iran and Iraq, 6.2.1988, <http://www.fifthinternational.org/content/swp-wrong-positions-iran-and-iraq>

⁴⁶⁴ Alex Callinicos: Marxism and Imperialism today, pp. 50-51

⁴⁶⁵ Alex Callinicos: Marxism and Imperialism today, p. 51

⁴⁶⁶ Alex Callinicos: Marxism and Imperialism today, p. 49

⁴⁶⁷ We refer readers also to an extensive critique of the SWP/IST distortion of the Marxist theory of imperialism which we undertook in our predecessor organisation – the *League for a Revolutionary Communist International* (later renamed into LFI): Paul Morris: The SWP, imperialism and the “real Marxist tradition”; in: Trotskyist International, No. 17 (1995)

analysis of “sub-imperialism” is a purely superficial, descriptive category. Let’s start with this assertion: “*Inevitable the expansion of industrial capitalism bursts out of national border, giving rise to regional conflicts between rival sub-imperialisms*” What does this mean? Since industrial capitalism expands always and everywhere – this is in the nature of capitalism – does this mean that more and more countries become “sub-imperialist”?! So the epoch of imperialism is not an epoch where a small minority of states oppresses and exploits the world but quite the opposite, it consists of countries aligning themselves more and more?! So in the epoch of imperialism the exploitation and the gap between the states don’t increase but – rather the opposite – decrease?!

Of course this is not true. The epoch of imperialism is a period of increasing exploitation and sharpening contradictions. This is why the inequality between the imperialist world and the semi-colonial world has increased and not decreased. The economic historian Angus Maddison showed that inequality constantly rose in the epoch of imperialism. His calculations demonstrate the massive and increasing gap between the imperialist and the semi-colonial regions. (See Table 47) The gap between the richest and the poorest continent even grew from 5:1 in 1870 to 9:1 in 1913, to 15:1 in 1950, 13:1 in 1973 and to 19:1 in 1998.⁴⁶⁸ Since then globalization made sure that this gap grew even more.

This leads us to the fundamental problem in the SWP/IST’s concept of “sub-imperialism”: it is a concept which’s main criteria is *the will of a given ruling class to increase their regional dominance*. This becomes obvious also from the examples which Callinicos gives for his “sub-imperialist” countries: Israel, Iran, Iraq,

Table 47: Level of Per Capita GDP and Interregional Spreads, 1870-1998 (in 1990 international dollars)⁴⁶⁹

	1870	1913	1950	1973	1998
Western Europe	1.974	3.473	4.594	11.534	17.921
USA, Canada,					
Australia & New Zealand	2.431	5.257	9.288	16.172	26.146
Japan	737	1.387	1.926	11.439	20.413
Asia (excl. Japan)	543	640	635	1.231	2.936
Eastern Europe & ex-USSR	917	1.501	2.601	5.729	4.354
Africa	444	585	852	1.365	1.368
World	867	1.510	2.114	4.104	5.709
Interregional Spread	5:1	9:1	15:1	13:1	19:1

⁴⁶⁸ Angus Maddison: *The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006*, p. 126

⁴⁶⁹ Angus Maddison: *The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006*, p. 126

Egypt, Syria, Turkey, Greece, India, Pakistan, Vietnam, South Africa, Nigeria, Brazil and Argentina. What they have in common is that they have been involved in wars with neighbouring countries. These countries have nothing in common in terms of their development of big capital groups, an exploitative relation with other countries as a dominant form of its outward economic relations, or even an actual regional dominance.

Let us now move to a somewhat more serious attempt to defend the concept of “sub-imperialism”. The Turkish group *Marxist Tutum*, which is closely aligned with the IRMT/CMR, published in 2009 a document “*On Sub-imperialism: Regional Power Turkey*” in which their leading theoretician Elif Çağlı explained and defended their position. We quote the central passage:

“The concept sub-imperialism defines a position below the imperialist countries that occupy the higher steps of the imperialist pyramid of hierarchy. Although a sub-imperialist country is not yet as economically powerful as those countries in the upstairs and not as influential as them in determining the world agenda, it conducts directly expansionist relations in its own region in the company of big imperialist powers. That is why the countries that reach this level by climbing upwards among medium-level developed counties are qualified as sub-imperialist. (...)

It is very important to grasp the laws of operation of capitalism, features of the system and that imperialism is a different stage than colonialism in order to analyse the situation of countries like Turkey in a correct and satisfactory way. To repeat, imperialist-capitalism produces interdependence on the basis of inequality. Therefore problems emerging from unequal positions and possibility of powerful ones to intervene in less powerful ones economically and politically do not go away. Yet, capitalist nation-states in general and sub-imperialist ones in particular have also their own spheres of economic and political operation in their own rights. Therefore, to characterise these countries still as semi-colony (or neo-colony/modern colony etc.) would be a big error or falsification. (...)

Leaving aside the falsifications and focusing on the fact of the matter, domestic and international realities have long invalidated the arguments of the nationalist left. But petty-bourgeois mindlessness is a chronic disease and those who suffer from this disease always prove unable to recover and accept reality. One of the important issues to be underlined in this context is that the petty-bourgeois take unequal relations between different capitalist countries as a kind of relations of exploitation and be obsessed with it. Yet within imperialist-capitalist hierarchy the relations between “the high and low” or “the weak and strong” do not reflect a relation of exploitation but of inequality and hegemony.

Capitalist countries or capitalist powers of different levels of development do not exploit one another. They altogether exploit the working class. But they share the surplus value according to the might and size of their investments or capital. Therefore, to depict the relation between different capitalist states with different size and power as a relation of exploitation wherein the big exploit the weak, and conclude an artificial conception of anti-imperialism is incompatible with the revolutionary outlook of the working class.

In conclusion, petty-bourgeois left's "anti-imperialism" is a would-be anti-imperialism which does not have a radical attitude against domestic capitalism thus lacking an anti-capitalist content and is reduced merely to a foreign factor! On the part of the petty-bourgeoisie anti-imperialism is consisted of taking an attitude against colonialist and annexationist "policies". However there cannot be an anti-imperialist struggle without anti-capitalism. And a conception of struggle against capitalism torn from revolutionary class axis would be surrendering to petty-bourgeois and nationalist left frames of mind.

As evidenced concretely by Turkey, sub-imperialist countries generally move along with a big imperialist power in ongoing imperialist scrambles for re-division in various regions of the world. As a general rule big share goes to the big partner, but it should not be forgotten that the lesser ones also get their share. Thus the relation between imperialist countries and sub-imperialist countries is a relation of partnership in exploiting. A concrete expression of this is the institutions of economic cooperation or strategic partnerships which gather advanced and medium-level capitalist countries under the same roof. It is obvious that this situation has nothing to do with the "dependence relation" in the colonial era and 'the collaborationist bourgeoisie'." ⁴⁷⁰

The Marxist Tutum comrades err in their conception. The comrades say that "capitalist countries or capitalist powers of different levels of development do not exploit one another." It is indeed true that there are bigger and smaller imperialist countries which are unequal but one does not exploit the other. For example the USA and Canada are certainly not equal but also don't systematically exploit each other. The same is true for Germany and Austria or France and Belgium, Luxemburg or Swiss. However they are all imperialist nations. Why? Because they have developed a significant monopoly capital and financial capital which systematically exploits and transfers value from the South and they are part of an international imperialist order which they profit from and defend by various means.

The so-called "sub-imperialist" countries on the other hand are not in such a position. Of course some advanced semi-colonies have a certain regional influence, some are stronger and others are weaker. But as Marxist we must focus on the law of value and the value transfer between the countries and the political order related to this. And here it is obvious that also the industrialised semi-colonies are super-exploited by the imperialist monopolies.

The Example of Turkey

This is also true for Turkey. The comrades say that sub-imperialist countries "have also their own spheres of economic and political operation in their own rights." Yes, but one has to see the proportions. In Table 48 we show that by 2011 Foreign Direct Investment coming from the imperialist monopolies was 6 times as big

⁴⁷⁰ Elif Çağlı: On Sub-imperialism: Regional Power Turkey, Marxist Tutum, August 2009, http://en.marksist.net/elif_cagli/on_sub_imperialism_regional_power_turkey.htm

as outward FDI coming from Turkey. And this figure does not tell us how much this outward FDI stems directly or indirectly from multinational corporations operating in Turkey. It is therefore clear that there is a huge gap between the capital export and exploitation by imperialist states towards Turkey and the same from Turkey towards other countries. This is a gap which is not just of quantitative but of qualitative nature.

So we see that Turkey's own foreign investment is a subordinated feature to the systematic super-exploitation which they suffer from imperialist monopoly capital. It is a basic responsibility for Marxists not to reduce an analysis to an "on one hand – on the other hand", but to a dialectical assessment of the essence of the matter. One must focus on the difference between quantity and quality, the assessment when a process enters a qualitatively new stage, etc. The

Table 48: Turkey's FDI Stock, by Region and Economy, 1990-2011 (in Million US-Dollars) ⁴⁷¹

<i>FDI inward stock</i>			<i>FDI outward stock</i>		
<i>1990</i>	<i>2000</i>	<i>2011</i>	<i>1990</i>	<i>2000</i>	<i>2011</i>
11.150	19.209	140.305	1.150	3.668	24.034

Figure 54: Turkey's Rising Dependence on Short-Term Foreign Debt (in Million US-Dollar) ⁴⁷²



⁴⁷¹ UNCTAD: World Investment Report 2012, p. 175

⁴⁷² Spengler: The horizon collapses in the Middle East, Asia Times Online, 10.10.2012

Soviet philosopher Abraham Deborin once remarked: *“In order to understand the character of an epoch and its wars and all possible processes, one has to identify the ‘true essence’ of the epoch, its most fundamental driving forces, which determine all the other appearances. One has to interlink them to a unified total irrespective of the manifold of the outward appearance.”*⁴⁷³ Unfortunately, the comrades from *Marxist Tutum* fail in this.

But let’s see also more evidence: As in the case of Argentina, Turkey too has been plundered by the imperialist financial capital for decades. It also pays a significant proportion of its export income for debts and interests to the monopolies. In 1974 this was 12.4% of its annual export income; in 1988 it was even 41.9%. In the 1990s this share declined, but climbed again to 48.5% in 2002. After another decline it rose again to 41.9% in 2009. In other words, Turkey gives nearly half of its total export income to the foreign financial institutions! If we put this amount in relation to the national income we can see the following: In 1970 debt payment was the equivalent of 1.2% of its total Gross National Income, in 1988 8.5%, in 2002 even 12.2% and in 2009 still 10.7% of its annual total income. So all in all, the imperialist financial sharks appropriate one tenth of Turkey’s total annual national income!⁴⁷⁴

In the past two years Turkey’s indebtedness has even worsened. Its current account deficit is running at 8% to 10% of GDP, about the same level as Greece before its financial collapse. Short-term debt doubled since 2010 to cover the deficit (See Figure 54).⁴⁷⁵

Here too we have to remind our readers that this is not the whole degree of imperialist robbery of Turkey since these are only the figures for the debt payments and not the other forms of value transfer to the North which we explained in the chapters above.

We refer our readers also to Figure 43 which shows that Turkey and Argentina are not exceptions: in general the so-called “Upper middle-income countries” paid around 40% of their total export income to service their debts to the imperialist monopolies in the years 2005 and 2010.

In addition we have particularly seen in the recent past a massive rise of imperialist capital export into the Turkish economy. In the early 2000s 114 of the 500 largest manufacturing firms were foreign-controlled and nearly 15% of the total industrial output was produced by enterprises with certain amounts of foreign capital.⁴⁷⁶ The rise of foreign ownership has been particularly strong in

⁴⁷³ Abram Deborin: Lenin als revolutionärer Dialektiker (1925); in: Nikolai Bucharin/Abram Deborin: Kontroversen über dialektischen und mechanistischen Materialismus, Frankfurt a.M. 1974, p. 79 (our translation)

⁴⁷⁴ Turkey - total debt service. Total debt service (% of exports of goods, services and income); <http://www.indexmundi.com/facts/turkey/total-debt-service>; World Bank: Global: Development Finance 2012. External Debt of Developing Countries, p. 294

⁴⁷⁵ Spengler: The horizon collapses in the Middle East, Asia Times Online, 10.10.2012, http://www.atimes.com/atimes/Middle_East/NJ10Ak02.html

⁴⁷⁶ See Recai Coskun: Determinants of direct foreign investment in Turkey; in: European Business Review Vol. 13, No 4 (2001), p. 221

the financial sector. After the economic collapse in 2000-01 which strengthened the imperialist subordination of semi-colonial Turkey the share of foreign banks (in terms of total assets in the banking sector) dramatically rose from around 3% to 33% in 2006 and 40% in 2010.⁴⁷⁷ Foreign currency loans already account for over a third of the total stock of loans.⁴⁷⁸

Finally, let us remember that Turkey too faced an economic disaster which the imperialist monopolies inflicted on it in 2000-01 and after. Here too the country was driven into an economic and social collapse and bankruptcy. It was forced to subordinate under the typical imperialist IMF program and control from 1998 to 2008 which put it on small rations.⁴⁷⁹ Again, this too is a historic proof of the real position of Turkey in the world order.

“Sub-Imperialism” or Advanced Semi-Colonies?

So when the comrades say that *“imperialist-capitalism produces interdependence on the basis of inequality”* they are of course correct. But they fail to think about this in a dialectical way. Inequality which exists for a long period transforms – in combination with the growth of the productive forces and the inevitable economic internationalization – into exploitation. On such a basis there cannot be extreme unequal nations beside each other *without transforming and intensifying* their relationship with each other. This leads inevitably to a relationship of exploitation. This is why with the internationalization of capitalism, inevitable oppressor and oppressed nations emerged, one exploited the other, one became imperialist and the other colonial or semi-colonial. To put it in another way: *The relationship between the imperialist and the semi-colonial nation is unequal to such a degree that this inequality that a systematic relationship of exploitation arises out of this and results in a sustained value transfer from the semi-colonial to the imperialist nation.*

As we have shown above, it is clear that there are many differences between various types of semi-colonies. When Trotsky pointed out the huge differences between Equatorial Africa and Algeria, Paraguay and Mexico, Abyssinia and India or China, this is no less true today. There are huge differences today between Peru and Argentina or Brazil, Congo and Egypt, Pakistan and Turkey, Nepal and Thailand. But what Trotsky named as the decisive feature which they all share is their *“common economic dependence upon the imperialist metropolis”*.

Instead of introducing a wrong and politically revisionist formula of “sub-imperialism” we prefer to express the differences which exist between countries

⁴⁷⁷ See Yener Altunbas, Alper Kara and Ozlem Olgu Akdeniz: Productivity of Turkish Commercial Banks: Effects of Foreign Ownership (2008); http://wolpertinger.bangor.ac.uk/papers_2008/productivity_altunbas.doc; European Bank for Reconstruction and Development: Strategy for Turkey (2012), p. 37

⁴⁷⁸ European Bank for Reconstruction and Development: Strategy for Turkey (2012), p. 21

⁴⁷⁹ See A. Erinc Yeldan: Turkey and the Long Decade with The IMF: 1998-2008, International Development Economics Associates, (IDEAs), 2008, www.networkideas.org

of the South in another way. It is much better to differentiate between *advanced or industrialized semi-colonies* like for example Argentina, Brazil, Egypt, Turkey, Iran or Thailand on one hand and *poorer or semi-industrialized semi-colonies* like Bolivia, Peru, the Sub-Saharan African countries (except South Africa), Pakistan, Afghanistan, Indonesia etc.

Rejection of Concept of Labour Aristocracy

One of the most important social pillars of monopoly capital in the imperialist countries is the labour aristocracy as the main social basis for reformism and the labour bureaucracy. As we have shown above Lenin, Trotsky and the Communist International were of the opinion that the economic basis of the labour aristocracy is the *super-exploitation* of these oppressed nations by the imperialist monopolies and the *extra profits* which monopoly capital can acquire by this. From these *extra profits* the monopolies are able to bribe the upper, aristocratic sectors of the working class and in particular the labour bureaucracy in the imperialist countries.

This view is however ignored or openly rejected by many centrists. The SWP/IST current openly rejects Lenin's concept. They argue that there is no layer of the working class in the West which profits from the super-exploitation of the semi-colonies. At least they are consistent in this since for the SWP/IST there also exist hardly any super-exploitation nor any semi-colonies. But consistency does not make an argument but produces only a theory which is wrong and out of touch with reality on all accounts. Already in the late 1950 Tony Cliff, the late leader of the forerunner to the SWP, argued that the theory of the labour aristocracy was irrelevant.⁴⁸⁰ Here is how Chris Harman puts their case:

*"Such flows of investment are an indication of where capitalists think profits are to be made, and they suggest that it is overwhelmingly within the advanced countries, and a handful of 'newly industrialising' countries and regions (of which coastal China is now the most important). This means that, whatever may have been the case a century ago, it makes no sense to see the advanced countries as 'parasitic', living off the former colonial world. Nor does it make sense to see workers in the West gaining from 'super-exploitation' in the Third World. Those who run the system do not miss any opportunity to exploit workers anywhere, however poor they are. But the centers of exploitation, as indicated by the FDI figures, are where industry already exists."*⁴⁸¹

The SWP denies the existence of a labor aristocracy: *"In fact neither the export of capital nor the "superprofits" of imperialism play the role they once did... It is arguable that there has been no net capital at all (to the Third World) for long periods in the recent*

⁴⁸⁰ Tony Cliff: *Economic Roots of Reformism* (London 1957), quoted in *Workers Power: The British working class today*; in: *Permanent Revolution* No. 7 (1988), p. 24. *Permanent Revolution* was the journal of the British section of our predecessor organization, the League for the Revolutionary Communist International.

⁴⁸¹ Chris Harman (SWP): *Analysing Imperialism* (Summer 2003); in: *International Socialism* 2:99, pp. 39-40; <http://pubs.socialistreviewindex.org.uk/isj99/harman.htm>

*past....Export of capital plays a vital role in modern capitalism but it is overwhelmingly export from one developed country to another. Its economic significance is entirely different...It cannot account for the "corruption" of "labour aristocracies"...by the crumbs of superprofits."*⁴⁸²

Of course in reality the labor aristocracy is not at all irrelevant. This has been underlined again and again in the past decades. An indication of this is the growing wage inequality inside the working class. The upper strata get an increasingly higher share of the total wage sum while the share of the mass of the proletariat – the low-skilled workers – has widened enormously. Of course the following statistics have to be qualified in the sense that not all wage earners belong to the working class. A minority – and this minority is strongly represented at the upper strata of the wage earners – is part of the wage-earning middle class. However if one takes the top 10 or 20% of the wage earners one can surely assume that they are mostly composed of the wage-earning middle class and the labor aristocracy. We hope to deal with this important issue of the labor aristocracy – an issue which is ignored by most of the centrist left – in the future.

In Table 49 we can see the ratio of the wages of the top 10% of the wage earners have been in relation to the wages of the bottom 10% in the past four decades in a number of OECD countries. We can see that in all countries except France the ratio has risen in favour of the top strata. So in 2008 the upper 10% got between 2.5 to 5 times as much as the bottom 10%. Another OECD statistic confirms that in 16 out of 19 OECD countries *"the earnings of the 10% best-paid workers have risen relative to those of the 10% least-paid workers since the mid-1990s"*.⁴⁸³

In Figure 55 we can see the growing gap between the different income groups in the USA since 1979. One can assume that the uppermost fifth consists mostly of the bourgeoisie and a significant part of the middle class, in the second upper fifth probably the lower middle class and labor aristocracy is dominating while the lower 60% are mostly working class.

Another example of the growing gap between the aristocratic top layers of the working class and the proletarian masses can be seen in the following Figure 56. It shows the massive and increasing gap between the workers with a college, and in particular, a graduate school education and those without. Between 1963 and 2008 the already existing gap increased by 40% and 80% respectively.

Bourgeois economists sometime claim that that the rising inequality exists only for the very lowest wage earners. In our next Figure 57 we show that this is not true. We can see – taking the figures for 10 OECD countries – that the ratio of the wages of the top 10% of the wage earners compared to the wages of the middle 10% increased since 1985.

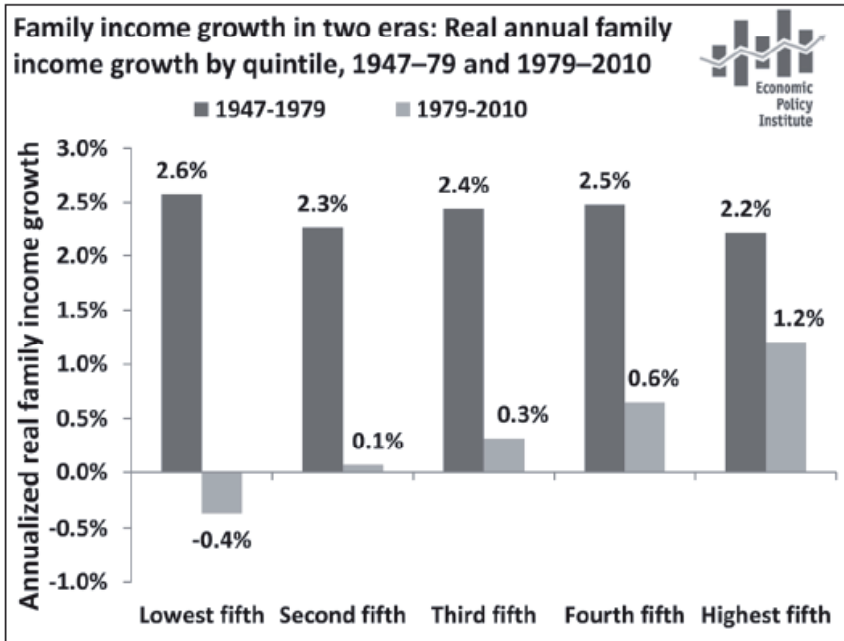
⁴⁸² Socialist Worker 28 April 1979. Quoted in David Yaffe: The labour aristocracy and imperialism (Part 4), in: FRFI 164 December 2001 / January 2002, <http://www.revolutionarycommunist.org/index.php/britain/1138-the-labour-aristocracy-and-imperialism-part-4-frfi-164-dec-2001-jan-2002>

⁴⁸³ OECD: Globalisation, Jobs and Wages (2007), OECD Observer policy Brief, p. 4

Table 49: Wage Inequality: Ratio of Income between the Top 10% and the Bottom 10% of Wage Earners in OECD Countries, 1970-2008 ⁴⁸⁴

Country	1970	1980	1990	2000	2008
Australia	2.4	2.7	2.7	3.1	3.5
Denmark	-	2.1	2.2	2.5	2.7
Finland	-	2.5	2.5	2.4	2.6
France	3.7	3.3	3.3	3.0	2.9
Germany	-	2.5	2.5	2.8	2.9
Japan	2.6	2.6	2.8	2.8	2.9
Netherlands	-	2.3	2.5	2.9	2.9
New Zealand	-	2.2	2.5	2.7	3.1
South Korea	-	4.1	3.2	3.7	4.7
Sweden	2.2	2.1	2.1	2.4	2.4
UK	2.7	2.7	3.3	3.4	3.7
United States	3.4	3.6	4.4	4.8	5.0

Figure 55: Real Annual Family Income Growth by Quintile, 1947-1979 and 1979-2010 ⁴⁸⁵



⁴⁸⁴ Stephen Machin and John Van Reenen: Inequality: Still Higher, But Labour's Policies Kept it Down (2010), p. 4; <http://cep.lse.ac.uk/pubs/download/ea015.pdf>

⁴⁸⁵ Center for Popular Economics: Economics for the 99%, New York 2012, p. 11

Figure 56: Changes in US Male Full-Time Workers Wages according to their different Education Levels, 1963-2008 ⁴⁸⁶

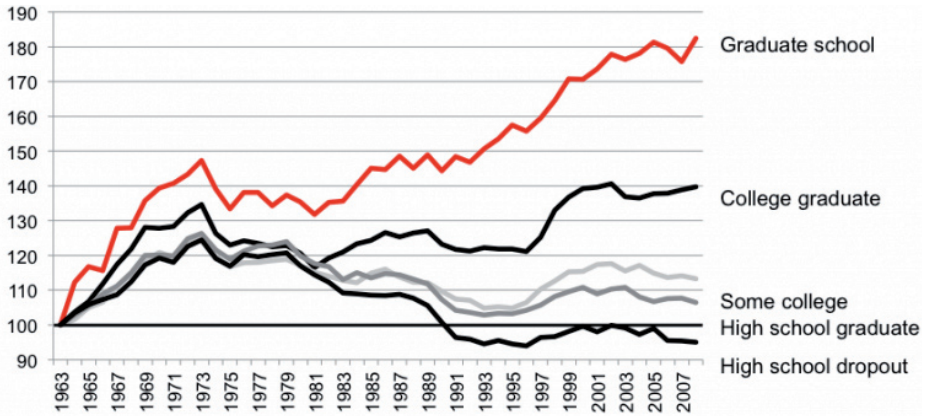
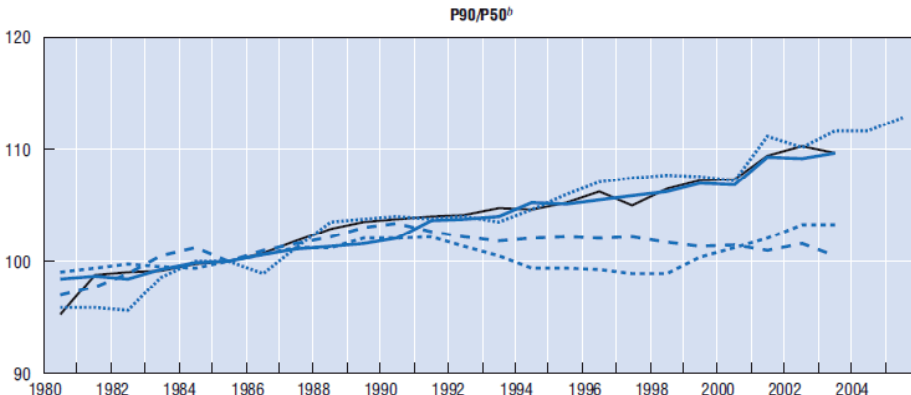


Figure 57: Increase of Wage Inequality in OECD countries, 1980-2005 (Ratio of Income between the top 10% and the middle fifth 10% of Wage Earners, Ratio Of Inequality in year 1985=100) ⁴⁸⁷



Unweighted average of the following countries: Australia, Denmark, Finland, France, Japan, the Netherland Poland, Sweden, the United Kingdom and the United States.

P90, P50 and P10 denote the 90th, 50th and 10th percentiles of the distribution of earnings for full-time employee:

⁴⁸⁶ Derek Thompson: The 11 Figures That Allegedly Prove That the West Is Doomed, Aug 7 2012, <http://www.theatlantic.com/business/archive/2012/08/the-11-figures-that-allegedly-prove-that-the-west-is-doomed/260750>

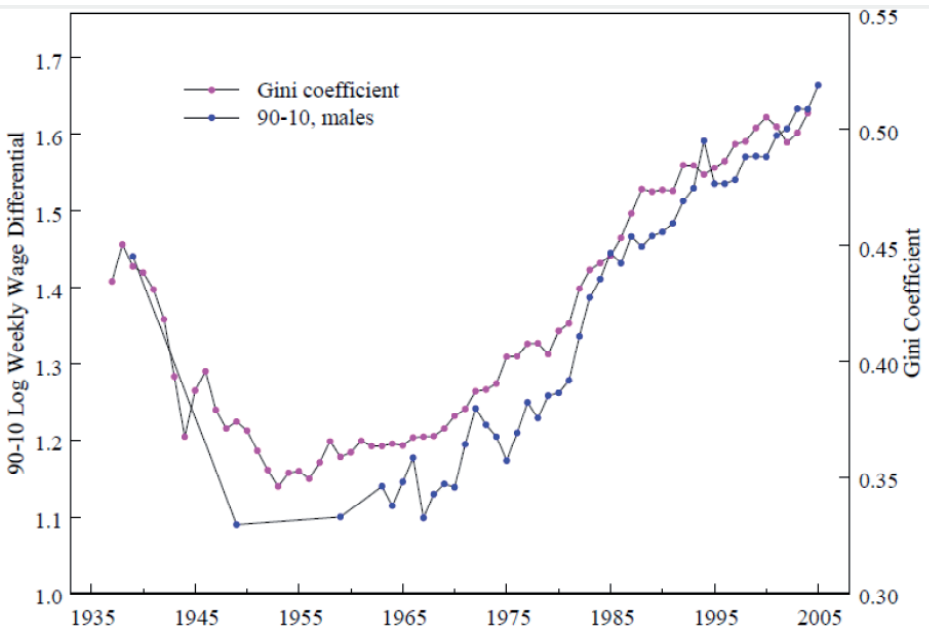
⁴⁸⁷ OECD: Employment Outlook (2007), p. 118

The rising wage inequality and the increasing share of the upper strata of the working class is indeed a historic tendency. Let us take the example of the United States where – after the depression and the war-related social upheavals – there has been a historic trend of such a polarization starting with the beginning of the Long Boom in the early 1950s up to today. Figure 58 demonstrates this by showing the ratio of the male wages of the upper 10% compared with the wages of the bottom 10% since 1935.

The relative privileges of the labor aristocracy and its basis amongst the high-skilled workers has also been confirmed by the findings of an ILO report published in 2011. Analysing the wage developments in the imperialist countries, it comes to the following conclusion:

*“There has also been an important price effect, i.e. the earnings of high-skilled workers have increased significantly relative to earnings of low-skilled workers. In fact, the ratio high-skilled wages to low-skilled wages increased by 72 percentage points.”*⁴⁸⁸

Figure 58: US Male Wage Inequality, 1937-2005 (Ratio of Income between the top 10% and the bottom 10% of Wage Earners)⁴⁸⁹



⁴⁸⁸ ILO: World of Work Report 2011, p. 59

⁴⁸⁹ John Van Reenen: Wage Inequality, Technology and Trade: 21st Century Evidence (2011), Centre for Economic Performance, p. 26

An argument often used by bourgeois (including reformist) economists to justify the rising wage inequality is that those workers whose wages are declining have the problem of insufficient education. Hence their “solution” for the lower strata of the workers to get out of poverty: work harder, spend less time for yourself and spend more time to enhance your education. So they cynically put the responsibility for the increasing poverty away from the capitalists and their system and on the shoulders of the lower strata workers. In doing this they often try to create the impression that this is only a problem for a small minority of the lowest strata of wage earners. In reality – as we show in Tables 50 and 51 – the so-called low-skilled workers constitute on *all* continents (including the imperialist states, the so-called “High-income countries”) the majority amongst all wage earners. According to a World Bank Report from 2007, the low-skilled workers represent 86.9% of the global labor force, 68% in the imperialist countries and 90.4% in the semi-colonial world and emerging imperialist China. Their share is even bigger than figures shown in these tables suggest because – as we have said before – a minority of the wage earners are not part of the working class but of the middle class. We can be pretty sure that there are very few middle class wage earners amongst the low-skilled wage earners mentioned here.

To conclude we can see that a small minority amongst the working class (and the wage-earning middle class) could increase their position compared with the mass of the working class. The monopoly capitalists could bribe them by giving them higher wages because they could increase their extra-profits via the super-exploitation of the semi-colonial world. Of course for this small aristocratic layer life under capitalist imperialism is not so hard. Hence they are an important social basis for the bourgeois system and class collaboration to ensure a certain social and political stability in the imperialist countries. They are also an important social basis for the reformist labour bureaucracy which controls the workers movement. All this demonstrates again how right Lenin was when he warned against the backward influence of the labour bureaucracy and aristocracy:

“Against Liebknecht are the Scheidemanns, the Südekums and the whole gang of despicable lackeys of the Kaiser and the bourgeoisie. They are just as much traitors to socialism as the Gomperses and Victor Bergers, the Hendersons and Webbs, the Renaudels and Vanderveldes. They represent that top section of workers who have been bribed by the bourgeoisie, those whom we Bolsheviks called (applying the name to the Russian Südekums, the Mensheviks) “agents of the bourgeoisie in the working-class movement”, and to whom the best socialists in America gave the magnificently expressive and very fitting title: “labour lieutenants of the capitalist class”. They represent the latest, “modern”, type of socialist treachery, for in all the civilised, advanced countries the bourgeoisie rob—either by colonial oppression or by financially extracting “gain” from formally independent weak countries—they rob a population many times larger than that of “their own” country. This is the economic factor that enables the imperialist

bourgeoisie to obtain superprofits, part of which is used to bribe the top section of the proletariat and convert it into a reformist, opportunist petty bourgeoisie that fears revolution."⁴⁹⁰

Nikolai Bukharin, another Bolshevik theoretician, wrote in his book *'Imperialism and World Economy'* about the enormous possibilities for imperialism to bribe a sector of the working class:

Table 50: Share of low-skilled Workers, 1995 (in % of Total Labor Supply)⁴⁹¹

<i>Region</i>	<i>1995</i>
OECD	63.9%
Eastern Europe & ex-USSR	63.9%
Latin America	82.5%
Asia	85.2%
Global	81.2%

Table 51: Unskilled and Skilled Workers, 2001 (in Millions)⁴⁹²

<i>World region</i>	<i>All</i>	<i>Unskilled</i>	<i>Skilled</i>
World total	3.077	2.674	403
High-income countries	481	327	154
Developing countries	2.596	2.347	249
East Asia & the Pacific	1.060	988	71
China	773	740	33
South Asia	632	589	42
India	473	441	32
Europe & Central Asia	236	195	41
Middle East & North Africa	119	87	32
Sub-Saharan Africa	313	293	20
Latin America & the Caribbean	236	194	42

⁴⁹⁰ V. I. Lenin: Letter to the Workers of Europe and America (1919); in: LCW 28, p. 433

⁴⁹¹ Arjan M. Lejour and Paul J.G. Tang: Globalisation and wage inequality (1999), CPB Netherlands Bureau of Economic policy Analysis, p. 21; <https://www.gtap.agecon.purdue.edu/resources/download/1260.pdf>. According to the authors, workers are labeled as high-skill when they have completed at least secondary education.

⁴⁹² World Bank: Global Economic Prospects 2007. Managing the Next Wave of Globalization, p. 110

*“From this angle we must first of all view the colonial policy of the imperialist states. There is an opinion current among many moderate internationalists to the effect that the colonial policy brings nothing but harm to the working class and that therefore it must be rejected. Hence the natural desire to prove that colonies yield no profit at all, that they represent a liability even from the point of view of the bourgeoisie, etc. Such a point of view is being propounded, for instance, by Kautsky. The theory unfortunately suffers from one shortcoming, namely, it is out and out incorrect. The colonial policy yields a colossal income to the great powers, i.e., to their ruling classes, to the ‘state capitalist trust.’ This is why the bourgeoisie pursues a colonial policy. This being the case, there is a possibility for raising the workers’ wages at the expense of the exploited colonial savages and conquered peoples. Such are exactly the results of the great powers’ colonial policy. The bill for this policy is paid, not by the continental workers, and not by the workers of England, but by the little peoples of the colonies. It is in the colonies that all the blood and the filth, all the horror and the shame of capitalism, all the cynicism, greed and bestiality of modern democracy are concentrated. The European workers, considered from the point of view of the moment, are the winners, because they receive increments to their wages due to ‘industrial prosperity.’”*⁴⁹³

Bukharin touches here an important issue: Should we say that the monopoly capitalists bribe the labor aristocracy or that they bribe the whole working class in the imperialist countries? We want to deal briefly with this issue because there are various left-wing strands – particularly Maoists (like the former *Maoist Internationalist Movement* in the USA) – who believe that the whole white working class in the USA is bribed by imperialism.⁴⁹⁴

Of course one has to take into account that Bukharin wrote these lines when the Bolsheviks just began to develop their theory of imperialism – in fact his book was the very first contribution, to which Lenin wrote the preface and which certainly influenced him. However, we think that Lenin was much clearer and more correct to stress that monopoly capitalists bribe the aristocratic upper stratum of the proletariat and not the whole working class.

Does this mean that the mass of the workers in the imperialist countries do not profit at all from the super-exploitation of the semi-colonial world? No, this would be a wrong and superficial conclusion. *To a certain degree* the mass of the workers in the imperialist countries gain, for example from the import of cheap consumer commodities like clothes, television or mobile telephones. This was not the first time in capitalism’s history. For example, as a result of

⁴⁹³ Nikolai Bukharin: *Imperialismus und Weltwirtschaft* (1915), Wien 1929, p. 185; in English: Nikolai Bukharin: *Imperialism and World Economy* (1915), London, Martin Lawrence Limited, pp. 164-165

⁴⁹⁴ See for example the following publications of the Maoist Internationalist Movement (MIM): *Coming to grips with the Labor Aristocracy*, in: MIM THEORY No. 10 (1996); MIM: *Imperialism and Its Class Structure* in 1997 (1997). While we strongly disagree with the ultra-left line and conclusions expressed in these documents, one cannot fail to remark that the attempt of these Maoist comrades to analyze the relationship of the proletariat and imperialism is certainly more serious than many writings of so-called Trotskyists who prefer to simply ignore the question of the labor aristocracy.

its world hegemonic role as a colonial power British capitalism enjoyed price deflation in the last quarter of the 19th century. Theodore Rothstein – a Russian-Jewish publicist living in Britain who was a supporter of the Bolsheviks and a leader of the left wing of the British Socialist Party – elaborated in his book on the history of the workers movement in Britain the important role of price deflation in strengthening reformism and the politics of class collaborationism in the working class and hence the labor bureaucracy.⁴⁹⁵

But this must be qualified against the disadvantages of capitalist globalization for the mass of the workers in the imperialist countries. The outsourcing of production, the depression of wages because of the international trade and migration etc. – all this is to the disadvantage of the lower and middle strata of the proletariat in the imperialist countries. This has to be acknowledged sometimes even by the bourgeois economists. The OECD for example admitted – of course in cautious and algebraic words necessary for intellectuals paid by the bourgeoisie:

*“Trade theory suggests that growing trade with developing countries could have played a role in causing earnings inequality to rise in OECD countries, by depressing the wages of low-skill workers. Although it is very difficult to single out the effect of trade, the data suggest that globalisation through increased offshoring has contributed to shifting labour demand away from less skilled workers and hence to rising earnings inequality”*⁴⁹⁶

For us in the RCIT it is clear that while the labor aristocracy has some short-term (but not fundamental, historic) interests in keeping capitalism, this is not the case for the mass of the workers in the old imperialist countries. They have no interest whatsoever in defending the capitalist system. Their interest is to join the big majority of the world proletariat which is living in the semi-colonial and emerging imperialist countries and to fight together for the permanent revolution to build world –wide socialism.

LFI: A formal Defense of Lenin’s Theory which disembowels its revolutionary Content

Another revisionist deviation of the Leninist theory of the Labor Aristocracy has been undertaken by the *League for the Fifth International* (LFI) when it degenerated from authentic Marxism to centrism in the early 2010s. While it still upholds the position of the existence of a Labor Aristocracy, its leaders downplay or even refuse the fact that it is bribed by monopoly capital. Instead the comrades reduce the Labor Aristocracy’s essence to its higher wages. This is supposedly not the result of the corrupting efforts by the bourgeoisie but rather the result of the high level of organization and militant class struggle of the

⁴⁹⁵ See Theodore Rothstein: Beiträge zur Geschichte der Arbeiterbewegung in England, Wien 1929, Chapter “Die Periode des Trade Unionismus“

⁴⁹⁶ OECD: Globalisation, Jobs and Wages (2007), OECD Observer policy Brief, p. 4

Labor Aristocracy. Related to this, the LFI leaders overestimate the size of the Labor Aristocracy and tend to view them as a key sector for the class struggle. Their mode of thinking is a weak copy of the arguments which Eric Hobsbawm – an excellent historian but a revisionist Stalinist in the field of politics – put forward in 1970 in his article “*Lenin and the “Aristocracy of Labor”*”.⁴⁹⁷

This understanding is reflected in the last issue of the LFI’s theoretical journal (published in summer 2010) in which it dealt with the question of Labor Aristocracy. It is telling that the bribery by the capitalists is not mentioned at all. The article argues that the high wages of the labour aristocracy are only a product of their better union organisation and militant strength. We don’t deny that this can play a role too but this is neither the cause of the existence of the labour aristocracy nor the main reason for their privileges. As a result the article does not mention the narrow, short-term and petty-bourgeois interests of the labour aristocracy. So the LFI reduces Lenin’s concept of the labour aristocracy to a simple description of the social stratification inside the proletariat: “*At the core of the concept of the ‘labour aristocracy’, as used by Lenin, then, is the simple idea that the working class is socially differentiated and stratified economically.*”⁴⁹⁸

The LFI’s new theory of the Labour Aristocracy is wrong in principle but it is particularly wrong given the actual development of the world proletariat. In fact *it runs in complete contradiction to the real development and re-composition of the proletariat*. First, after the crisis-ridden development of capitalism in the decades since the 1970’s and the numerous attacks of the bourgeoisie under the pre-text of neo-liberalism, the Labour Aristocracy has shrunk in size. Of course it still exists and new labour aristocratic layers have emerged (e.g. in the IT industry). But the general course of development in the period of capitalist decline is not one of a rising importance of the Labour Aristocracy but one of shrinking importance.

Secondly, as we have also shown in this book, an essential feature of the development of the world proletariat is that it is shifting more and more towards the South and the East, i.e. to the semi-colonial world and relatively poorer, new emerging imperialist powers like China. (See the various tables in the sub-chapter “*Capitalist value production and the working class move to the South*” in Chapter 4). Today only 16.5% of all industrial workers live in the rich imperialist countries while 83.5% of them work in the semi-colonial and poorer emerging imperialist countries like China. All in all one can see that today roughly $\frac{3}{4}$ of the world proletariat live in the semi-colonial and poorer emerging imperialist countries like China. This is an additional factor which shows the globally declining economic weight of the Labour Aristocracy in the

⁴⁹⁷ See Eric Hobsbawm: *Lenin and the “Aristocracy of Labor”* (1970), republished in *Monthly Review* 2012, Volume 64, Issue 07 (December), <http://monthlyreview.org/2012/12/01/lenin-and-the-aristocracy-of-labor>

⁴⁹⁸ Luke Cooper, “*Theories of late capitalist development: Harvey and Callinicos on contemporary imperialism*”, in: *Fifth International* Volume 3 Issue 4, Autumn 2010, p. 21, <http://www.fifthinternational.org/content/theories-late-capitalist-development-harvey-and-callinicos-contemporary-imperialism>

imperialist metropolises.

However at the same time, the Labor Aristocracy – together with the progressive petty-bourgeois intelligentsia – retains a strong influence inside the workers movement and the left in the West through its dominance at the top of the trade unions and reformist parties. This is also reflected by what we label as “*aristocratism*”, i.e. the various backward prejudices of the labour aristocracy and the progressive intelligentsia which finds its way in the politics and the whole political culture of the workers movement in the West. This leads to the marginalization of the oppressed and the lower strata of the working class from the workers movement. It leads to the ignorance of important issues and struggles of these layers by the workers movement in the imperialist countries. (e.g. the anti-imperialist struggles in the South or the migrants struggle for democratic rights). A practical example of this *Aristocratism* was the shameful ignorance or even condemnation by the centrist left of the August Uprising of the Poor, Black and Migrants in Britain in 2011 after the racist police shot Mark Duggan.⁴⁹⁹

The continuing dominance of *Aristocratism* helps the labor bureaucracy to keep its control over the workers movement. As we stated in our program, the problem of *Aristocratism* therefore must be tackled in order to successfully fight against the reformist bureaucrats control over the workers movement:

*“Hence we see the growing central importance of the lower and middle strata of the proletariat (including many immigrants, national minorities, women, youth) for advancing the class struggle and the renewal of the labour movement. (...) It follows that the struggle for political and organisational independence of the working class focuses particularly on the broad mass of the working class – i.e. its lower and middle classes.”*⁵⁰⁰

Usually such an opportunistically overstatement of the progressive character of the labour aristocracy is combined with an underestimation of the importance of the middle and lower strata of the working class and of the national oppressed layers. To use again the LFI as a left-centrist example for this *Aristocratism*, it can lead to a denial of the systematic nature of national oppression and economic

⁴⁹⁹ Our analysis, perspectives and tactics of the August Uprising in Britain 2011 have been published in our journal Revolutionary Communism No. 1, pp. 17-41 (September 2011). They can also be read on our website. See: 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!*, <http://www.thecommunists.net/worldwide/europe/britain-uprising-of-the-poor>; 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>; Michael Pröbsting: *What would a revolutionary organisation have done? August uprising of the poor, the nationally and racially oppressed in Britain*, <http://www.thecommunists.net/worldwide/europe/britain-august-uprising/>; Michael Pröbsting: *Five days that shook Britain but didn't wake up the left. The bankruptcy of the left during the August uprising of the oppressed in Britain: Its features, its roots and the way forward*, <http://www.thecommunists.net/theory/britain-left-and-the-uprising/>

⁵⁰⁰ Revolutionary Communist International Tendency (RCIT): *The Revolutionary Communist Manifesto*, published in 2012, p. 30; online on the RCIT website at www.thecommunists.net/rcit-manifesto

super-exploitation of the migrants in the imperialist countries. This is why the LFI denies the nature of migrants as “*oppressed national minorities*” – in opposite to leading Marxists like James P. Cannon, the historic leader of the US Trotskyists, who said that “*foreign-language immigrant workers occupy the position of a national minority*”⁵⁰¹. This is why the LFI rejects our analyses of migrants in imperialist countries as “*in their huge majority nationally oppressed and super-exploited layers of the working class.*” At the same time they tend to welcome assimilation of migrants into the majority nation as progressive.

A much more reactionary conclusion from a wrong understanding of the questions of the labor aristocracy and the character of the migrant’s oppression was the shameful support of many British left-reformists and centrists – like the Stalinist CPB, the CWI, IMT etc. – for the chauvinist strike “*British Jobs for British Workers*” in 2009. At that time British workers at the Lindsey Oil Refinery wanted to stop the hiring of migrant workers – a social-chauvinist campaign which Marxist revolutionaries correctly condemned sharply.⁵⁰²

These centrists ignore the fundamental idea of Marxism that the consistent struggle against chauvinism is of highest importance for the liberation of the working class of the oppressor nation. As long as the working class of the oppressor nation is full of chauvinist prejudices against its class brothers and sisters of an oppressed nation, it is ideologically bound to its ruling class. That’s why Friedrich Engels made his famous statement:

“*A nation cannot become free and at the same time continue to oppress other nations.*”⁵⁰³

We in the RCIT on the other hand emphasize the inherent character of national oppression and super-exploitation to the migrants in the imperialist countries. We stress that, to produce the greatest possible unity of the multinational working class, the workers’ movement must consistently fight against all forms of national oppression and super-exploitation of the migrants as well as against racist prejudices. By this they can undermine the ground for nationalist isolation trends, promoted by (petty) bourgeois leaders of the migrant communities. The Bolsheviks-Communists advocate therefore the complete equality of all national groups in a country. This means full citizenship rights, equal wages, equal treatment of languages of migrants in schools and all public institutions, local self-government of areas with a high proportion of migrants etc.

⁵⁰¹ James P. Cannon: *The History of American Trotskyism* (1942), New York 1972, p. 7

⁵⁰² For our position on these reactionary strikes we refer to the resolution of the statement of the at that time still revolutionary organisation Workers Power: No to the nationalist strikes, 1st February 2009, <http://www.workerspower.com/index.php?id=47,1821,0,0,1,0> and an article which Michael Pröbsting wrote in German-language: Einleitung der Liga der Sozialistischen Revolution zur Stellungnahme Britannien: Nein zu den nationalistischen Streiks!, 5.2.2009, <http://arbeiterinnenstandpunkt.net/phpwcms/index.php?id=25,579,0,0,1,0>

⁵⁰³ Friedrich Engels: *Reden über Polen* (1847); in: MEW 4, p. 417; in English: Friedrich Engels: *Speech on Poland* (1847), *Speeches at the International Meeting held in London on November 29, 1847 to mark the 17th Anniversary of the Polish Uprising of 1830*, <http://www.marxists.org/archive/marx/works/1847/12/09.htm#engels>

Our goal is *revolutionary integration*, not “assimilation”. Revolutionary integration means the establishment of the international unity of the working class of all countries and the internationalist unity of the multinational working class in each country. This unity can never be achieved by pressure and force, but solely on the basis of voluntariness and equality.

Such a unity can only be achieved in common class struggle, through the common class struggle, and through the joint revolutionary organization. The RCIT therefore calls for a revolutionary movement of the migrants as part of the 5th Workers International and for the right of caucus for migrants in the unions and the organizations of the workers’ movement! A revolutionary organization which wants to build a revolutionary party – i.e. a party that has the goal to free the working class and all oppressed – should be led and dominated in its composition by workers, women, migrants, oppressed nations, etc.⁵⁰⁴

The centrists fail to see the close connection between imperialism and the divisions inside the proletariat between the labor aristocracy and the lower and middle strata – amongst whom the migrants play a major role. Hence the indispensable necessity to fight against all forms of “aristocratism” inside the workers movement and in favour of complete internationalist solidarity with the liberation struggles of the oppressed peoples. It is in this spirit that Lenin stated:

*“The important thing is not whether one-fiftieth or one-hundredth of the small nations are liberated before the socialist revolution, but the fact that in the epoch of imperialism, owing to objective causes, the proletariat has been split into two international camps, one of which has been corrupted by the crumbs that fall from the table of the dominant-nation bourgeoisie—obtained, among other things, from the double or triple exploitation of small nations—while the other cannot liberate itself without liberating the small nations, without educating the masses in an anti-chauvinist, i.e., anti-annexationist, i.e., “selfdeterminationist”, spirit.”*⁵⁰⁵

⁵⁰⁴ See on this Michael Pröbsting: *Marxismus, Migration und revolutionäre Integration* (2010); in: *Der Weg des Revolutionären Kommunismus*, Nr. 7, <http://www.thecommunists.net/publications/werk-7/>; in English: Michael Pröbsting: *Marxism, Migration and revolutionary Integration*, in: *Revolutionary Communism*, No. 1 (English-language Journal of the RCIT), <http://www.thecommunists.net/oppressed/revolutionary-integration/>; RCIT: *The Revolutionary Communist Manifesto* (2012), p. 51, <http://www.thecommunists.net/rcit-manifesto/fight-against-oppression-of-migrants>

⁵⁰⁵ V. I. Lenin: *The Discussion on Self-Determination Summed Up* (1916) ; in: *LCW Vol. 22*, p. 343

Chapter 10: China's Transformation into an Imperialist Power

In this chapter we want to analyze the transformation of China from a Degenerated Workers State into a capitalist and finally an imperialist power.⁵⁰⁶ It would of course exceed the limits of this book to deal with the whole history of China's economy in the past decades. We will instead focus on the question which is of enormous importance for Marxists to develop correct world perspectives and revolutionary tactics in the international class struggle: Should we China consider as an imperialist power or rather as a semi-colonial country which is super-exploited by imperialism?

We in the RCIT are convinced that China is an emerging imperialist power and not a semi-colonial country.⁵⁰⁷ In that it is an important and historically exceptional case of Southern countries. Usually, as we show in this book, the countries of the South were not able to develop into an imperialist power. They rather suffered an increasing super-exploitation by the old imperialist powers in Northern America, Western Europe, Japan and Australia.

However, China's development is different. It has developed into an imperialist state only recently, in the late 2000s. Compared to the biggest imperialist power

⁵⁰⁶ This Chapter on China is an edited and enlarged version of the study we published in August 2012. Michael Pröbsting: *"China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power"*. It was published both in the RCIT's English-language journal *Revolutionary Communism* No. 4 as well as a separate pamphlet. See <http://www.thecommunists.net/publications/revcom-number-4>

⁵⁰⁷ We have arrived to the position of China as an imperialist power in June 2010 when we adopted a resolution outlining this conclusion at the VIII. Congress of the LFI (our predecessor organization). Unfortunately only very few socialist organizations understand and recognize the imperialist character of China. It is all the more important to draw attention to those who have already arrived to the same conclusion on China as we have done. Here we should mention in particularly the work of the comrades from the *Communist Workers Group of Aotearoa/New Zealand* and the US group *Humanist Workers for Revolutionary Socialism*. Independently of us they have developed the same analysis of Chinese imperialism as they have documented in a pamphlet *"The Rise of Chinese Imperialism"* (The main document of this pamphlet can also be found in the internet on the CWG(A/NZ) website at http://redrave.blogspot.co.at/2009/12/flti-minority-report-on-current-world_25.html) The CWG(A/NZ) also published recently an excellent article on emerging Chinese imperialism, the capitalist restoration and the consequences for the class struggle which the RCIT published in its journal *Revolutionary Communism* No. 3 in June 2012. It is on the CWG(A/NZ) website at <http://redrave.blogspot.co.at/2012/01/chinese-workers-and-peasants-confront.html>. We also want to draw attention to another interesting work on China's emerging imperialism: An Austrian Maoist group *"Initiative für den Aufbau einer Revolutionär-Kommunistischen Partei"* has published in German language an extensive and very detailed study on the economic, political and military aspects. (*"China – ein imperialistisches Land auf dem Weg zu einer globalen Hegemonialmacht"*, June 2011) Despite the obvious programmatic differences which separate us from a Maoist organization, we acknowledge their well elaborated contribution to an actualized understanding of Chinese imperialism.

– the USA – it is still weak (as many other imperialist countries are). As a new, i.e. late-coming, imperialist country it bears various peculiar features, including super-exploitation by foreign monopoly capital. These features are however outweighed by the increasing strength of China's domestic bourgeoisie. In particular we have to emphasize the role of China's monopolies in global production, trade and of capital export. Related to this is China's undisputable emergence as a political and military power in international politics.

The main reasons for China's successful development into an imperialist power were:

- i) The continuing existence of a strong, centralized Stalinist bureaucracy which could suppress the working class and ensure its super-exploitation.
- ii) The historic defeat of China's working class in 1989 when the bureaucracy mercilessly crushed the mass uprising at the Tiananmen Square and in the whole country.
- iii) The decline of US imperialism which opened the space for new powers.

What are the Criteria for an Imperialist State?

Before we give a concrete overview of the development of Chinese imperialism, let us try to give a definition of an imperialist state "*...without forgetting the conditional and relative value of all definitions in general, which can never embrace all the concatenations of a phenomenon in its full development...*" – as Lenin put it so wisely.⁵⁰⁸

At the very beginning of our first Chapter '*Lenin's theory of imperialism*' we quoted Lenin definition of imperialism. He described as the essential characteristic of imperialism the formation of monopolies which are dominating the economy. Related to this he pointed out the fusion of banking and industrial capital into financial capital, the increasing of capital export in addition to commodity export and the fight for the possession of colonies respectively spheres of influence.

As a result we can say that the characteristic of an imperialist power has to be seen in the totality of its economic, political and military position in the global hierarchy of states. Thus a given state must be viewed not only as a separate unit but first and foremost *in its relation to other states and nations*. An imperialist state usually enters a relationship with other states and nations whom it oppresses in one way or another and super-exploits – i.e. appropriates a share of its produced capitalist value. Again this has to be viewed in its totality, i.e. if a state gains certain profits from foreign investment but has to pay (debt service, profit repatriation etc.) much more to other countries foreign investment, this state can usually not being considered as imperialist. Finally we want to stress the necessity of considering the totality of a state's economic, political and military position in the global hierarchy of states. Thus we can consider a given state

⁵⁰⁸ V. I. Lenin: Imperialism, the Highest Stage of Capitalism; in: LCW 22, p. 266

as imperialist even it is economically weaker but possess a relatively strong political and military position (like Russia before 1917 and in the early 2000s). Such a strong political and military position again can be used to oppress other countries and nations and to appropriate capitalist value from them.

Viewing a state in the context of the global imperialist order is also important because particularly smaller imperialist states (like Australia, Belgium, Swiss, the Netherlands, Austria, the Scandinavian countries etc.) are obviously not equal with the Great Powers but subordinated to them. They could not play an imperialist role alone. But despite being not equal with the Great Powers – by the way even amongst the Great Powers there is constant rivalry and no equality – these smaller imperialist states are not super-exploited by them. As a result while there is no or no significant value transfer from these smaller imperialist states towards the Great Powers, there is a significant value transfer from semi-colonies to these smaller imperialist states. They ensure this privileged position by entering economic, political and military alliances with the Great Powers (NATO, EU, OECD, IMF, World Bank, WTO, various “Partnerships” etc.)

In short we define an imperialist state as follows: *An imperialist state is a capitalist state whose monopolies and state apparatus have a position in the world order where they first and foremost dominate other states and nations. As a result they gain extra-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression.*

We think such a definition of an imperialist state is in accordance with the brief definition which Lenin gave in his polemic against imperialist economism:

“... imperialist Great Powers (i.e., powers that oppress a whole number of nations and enmesh them in dependence on finance capital, etc.)...”⁵⁰⁹

Before we move to the concrete analysis we need to add two remarks. First, for the definition of the class character of a given state it is important also to view it from a historic perspective. For example an imperialist state can lack temporarily this or that essential feature of imperialism because of specific historic circumstances. For example after the Second World War, Austria was first occupied by US, British, French and Russian troops till 1955 and later its capital export was underdeveloped. However we Marxists rejected the position of the Austrian Stalinist party that the country had become a semi-colony of Germany. Why? For several reasons: Austria had a strong imperialist past (the Habsburg Empire oppressing many nations till 1918, after this a strong banking capital with many links to Eastern Europe etc.). Given its close integration into the world imperialist camp it could after some time regain a position where it systematically and significantly super-exploited other nations. Another example might be Germany or Japan after the WWII which despite certain elements of military occupation and restrictions to its own military capacities obviously remained an imperialist power. So, when analyzing an imperialist state we have to view not only a given moment, but the direction of development. We have

⁵⁰⁹ V. I. Lenin: A Caricature of Marxism and Imperialist Economism; in: LCW Vol. 23, p. 34

to bear in mind Trotsky's remark: "*Dialectic training of the mind, as necessary to a revolutionary fighter as finger exercises to a pianist, demands approaching all problems as processes and not as motionless categories.*"⁵¹⁰

Secondly, we want to answer a possible criticism of our position that China is an imperialist state. One could ask: how could a country become imperialist if it was before – when it was capitalist – a semi-colony? Of course it is true that usually semi-colonies don't transform into imperialist countries. And indeed one could say that China had – after capitalism was restored around 1992 – for a number of years more features of a semi-colony than of an imperialist state. However it would be completely un-dialectically to exclude such a jump in a country's development under certain circumstances. There have also been examples in history of such a "jump". Czechoslovakia was a colony of the Austrian Habsburg Empire for centuries before 1918 but when it became independent, Communists (including Lenin and Trotsky) recognized it as an imperialist state. By the way, such a kind of dialectical development can also take place in the other direction – i.e. a "jump" backward when an imperialist state becomes a semi-colony. Lenin discussed such a potential development in his polemic against imperialist economism when he spoke about the possibility of the transformation of an imperialist war into a just war of national defense.

China's race to World's Major Economy

Since the former bureaucracy introduced capitalism in the early 1990's Chinese capitalism has grown rapidly.⁵¹¹ In terms of the total output measured by the Gross Domestic Product China's share has grown massively in the past two decades. While China produced in 1991 4.1% of the global output, this figure rose to 14.3% in 2011. This makes it the world second-biggest economy. At the same time the USA's share declined from 24.1% to 19.1% in 2011.⁵¹² Figure 59 gives an overview of the changing share of the world 15 biggest economies in the past three decades.

⁵¹⁰ Leon Trotsky: A Petty-Bourgeois Opposition in the Socialist Workers Party (1939); in: Leon Trotsky: In Defense of Marxism, New York 1990, p. 45

⁵¹¹ In our predecessor organization we have regularly examined the capitalist restoration process and the workers struggle against it. These article – usually written by our former comrade Peter Main – were: "China: 'socialism' with capitalist characteristics" (in: Trotskyist International No. 11, 1993); "China: Stalinists draw near their capitalist goal" (in: Trotskyist International No. 22, 1997); "Restoring capitalism in China"(2000), <http://www.fifthinternational.org/content/restoring-capitalism-china>; "China: From Mao to the market" (in: Fifth International, Vol. 2, No.4, 2007); "China and International Perspectives" (2006), <http://www.fifthinternational.org/content/china-and-international-perspectives>. For an analysis of the Stalinist-led social revolution in 1949-52 see: Workers Power: The Degenerated Revolution. The origins and nature of the Stalinist states (1982), Chapter: The Chinese Revolution, pp. 54-59.

⁵¹² David W. Stelsel: U.S. Share of Global Economic Output Shrinking, June 28, 2012, <http://www.valeofinancial.com/2012/06/u-s-share-of-global-economic-output-shrinking/>

Figure 59: Share of Global Economic Output, 1981-2011 (in %) ⁵¹³

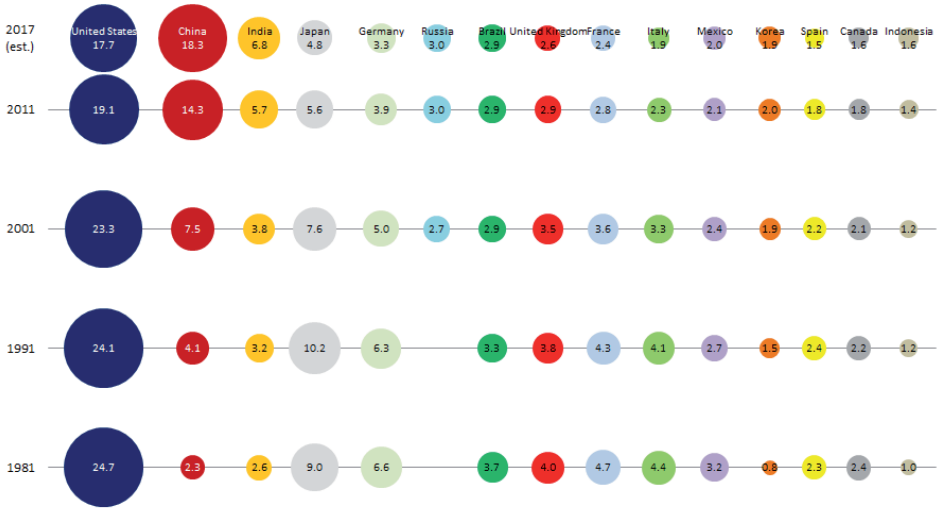
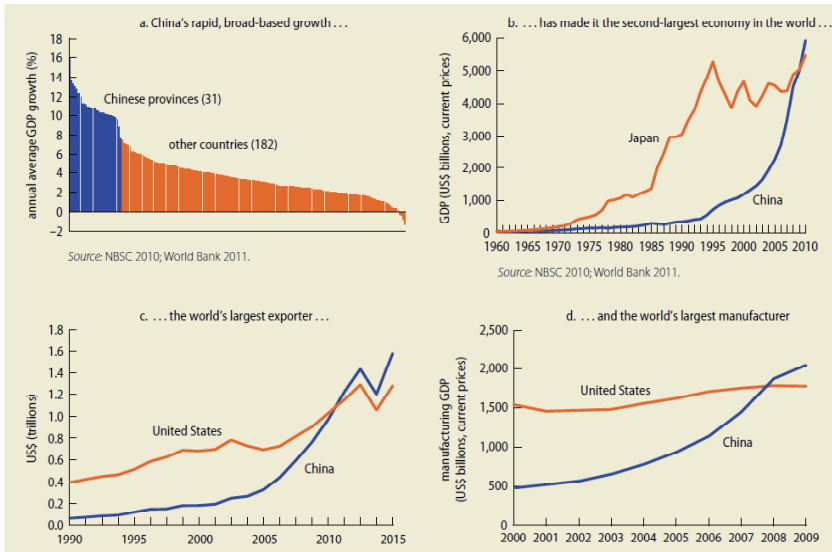


Figure 60: China's Economic Performance ⁵¹⁴



⁵¹³ David W. Stessel: U.S. Share of Global Economic Output Shrinking, June 28, 2012. Readers should ignore the figures for 2017 which are just prognosis. Particularly in a period of sharp crisis and decline one should be cautious with such concrete figure for prognosis.

⁵¹⁴ China 2030. Building a Modern, Harmonious, and Creative High-Income Society (2012), published by The World Bank and the Development Research Center of the State Council, the People's Republic of China, p. 5

In manufacturing – the core sector of the capitalist value production – China has even become the world’s leading economy. By this it ended the US’s 110-year leading position as the largest industrial commodities producer. By 2011 a fifth of world’s manufacturing came from China (19.8%) while 19.4% originated in the US economy.⁵¹⁵

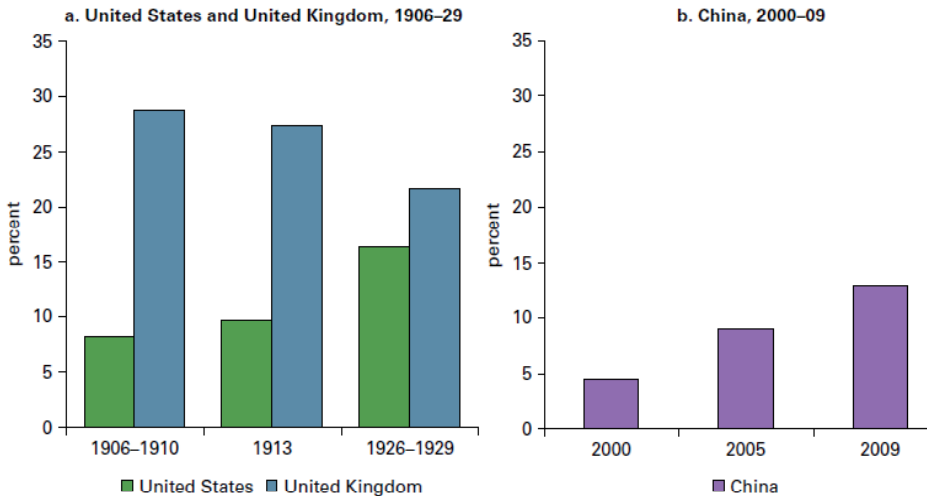
In one of the world’s main industries – crude steel – nearly half of the global production (48.6%) came from China in 2011.⁵¹⁶

Parallel to this it has become the world’s leading exporter. Figure 60 gives an overview over China’s recent rapid catching-up process and compares it with the development of the USA and Japan.

In Figure 61 we can see not only China’s increasing share in the world export’s but also an interesting historical comparison with the advance of the USA in the first quarter of the 20th century.

*The World Bank and the Chinese Development Research Center of the State Council pointed out in a joint study, that China has also achieved a number of other advances in its desire to modernize its economy: “China is home to the world’s second-largest highway network, the world’s 3 longest sea bridges, and 6 of the world’s 10 largest container ports.”*⁵¹⁷

Figure 61: Share of global manufacturing exports; USA and Britain 1906-29 and China 2000-09 (in %)⁵¹⁸



⁵¹⁵ Peter Marsh: China noses ahead as top goods producer, Financial Times, March 13, 2011, <http://www.ft.com/cms/s/0/002fd8f0-4d96-11e0-85e4-00144feab49a.html#axzz21RSTHoK4>

⁵¹⁶ World Steel Association: World Steel in Figures 2012, 01.06.2012 <http://worldsteel.org/media-centre/press-releases/2012/wsf.html>

⁵¹⁷ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 4

⁵¹⁸ World Bank: Global Development Horizons 2011. Multipolarity: The New Global Economy, p. 140

China's economic strength is also reflected in its low level of indebtedness to the global financial market. Its external debt stands as a share of the Gross National Income at only 9.3% and its debt service to exports is 2.5%.⁵¹⁹ Compare this to the much higher levels of other industrialized countries from the South like Argentina or Turkey with whom we dealt above and the general assessment of UNCTAD (in Figure 43) which shows that the so-called "Upper middle-income countries" paid between 2005-2010 around 40% of their total export income to service their debts to the imperialist monopolies. In fact it is rather the other way round as we will see below: other countries are indebted to China's financial capital! So we also see from this angle that China is not a dependent, super-exploited semi-colony but rather an emerging imperialist power.

Of course this must not overlook the still existing gap between the old imperialist economies and China's labor productivity. While the US's and China's manufacturing output is nearly the same, the US capitalists produced this output in 2010 with 11.5 million workers while their Chinese rivals needed 100 million.⁵²⁰ Similarly China technological residual behind the old imperialist economies is also indicated in its substantially lower employment of machinery in the production process. This is reflected in China's level of capital stock per worker which is less than a tenth of the U.S. (converted at market exchange rates).⁵²¹

However because of its enormous size, a unified state apparatus with a massive state capitalist sector and a super-exploited working class the Chinese monopoly bourgeoisie manages not only to play a role on the world market but also to play a leading role in the world capitalist economy. Marx remarked in *Capital* Vol. III that in the process of capitalist accumulation not only the rate of profit but first and foremost the mass of profits is decisive. And the Chinese monopolies, as we can see, own a pretty huge mass of profits!

*"And thus the river of capital rolls on (...), or its accumulation does, not in proportion to the rate of profit, but in proportion to the impetus it already possesses."*⁵²²

China's Monopolies

Despite significant Western and Japanese foreign investment in China, the ruling class in Beijing has avoided the dominance of its economy by foreign

⁵¹⁹ World Bank: Global Development Finance 2012, p. 110 and Asian Development Bank: Asian Development Outlook 2012. Confronting Rising Inequality in Asia, p. 272

⁵²⁰ Peter Marsh: China noses ahead as top goods producer, Financial Times, March 13, 2011, <http://www.ft.com/cms/s/0/002fd8f0-4d96-11e0-85e4-00144feab49a.html#axzz21RSTHoK4>

⁵²¹ There are different calculations which give figures of 7% respectively 8.7%. Calculated in PPP rate it is about a fifth of the US level. (See China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 8; The Economist: China's economy: Pedalling prosperity, May 26th 2012, <http://www.economist.com/node/21555762>)

⁵²² Karl Marx: Das Kapital, Band III, MEW 25, p. 255; in English: Karl Marx: Capital, Vol. III, Chapter 14, *Exposition of the Internal Contradictions of the Law*

monopolies. Quite the opposite, it has developed strong Chinese monopolies who today have become “global players” – to use a favorite category of the bourgeois economists for whom the mysteries of the law of value makes them thinking of the capitalist economy as gambling in a casino.

This becomes obvious if one looks at the advance of Chinese monopolies in the list of the biggest global corporations. In *The Forbes Global 2000* – a list of the biggest, most powerful listed companies in the world – China already ranks as third biggest country. 121 companies on this list are from China and only the USA (524 companies) and Japan (258 companies) provide more members. These 121 Chinese monopolies have an aggregate profit of \$168 billion (which is 7% of the total profit of the 2000 biggest monopolies).⁵²³

In the *Fortune Global 500* – another list of the world’s biggest corporation which uses different criteria – we can see the same dynamic of China’s massive and growing place amongst the world’s super-monopolies. Amongst the biggest 10 global corporations – the super-super monopolies so to say – three are Chinese: the petroleum corporations *Sinopec* and *China National Petroleum* and the energy corporation *State Grid*.⁵²⁴ If one takes the top 500 corporations we see that China already surpassed Japan as the second-biggest country. 73 of these corporations are Chinese, 132 come from the USA, 68 from Japan, and each 32 from France and Germany. (See Table 52)

Table 52: Where are the biggest global Monopolies located?
List of the Top 10 Countries of the Global 500 companies⁵²⁵

<i>Rank</i>	<i>Country</i>	<i>Number of Companies</i>
1	United States	132
2	China	73
3	Japan	68
4	France	32
4	Germany	32
6	United Kingdom	26
7	Switzerland	15
8	South Korea	13
9	Netherlands	12
10	Canada	11

⁵²³ The World’s Biggest Companies, The Forbes Magazine, 18.4.2012, <http://www.forbes.com/sites/scottdecarlo/2012/04/18/the-worlds-biggest-companies/>; A Regional Look At The Forbes Global 2000; Forbes Magazine, 20.4.2011, <http://www.forbes.com/sites/scottdecarlo/2011/04/20/a-regional-look-at-the-forbes-global-2000-2/>

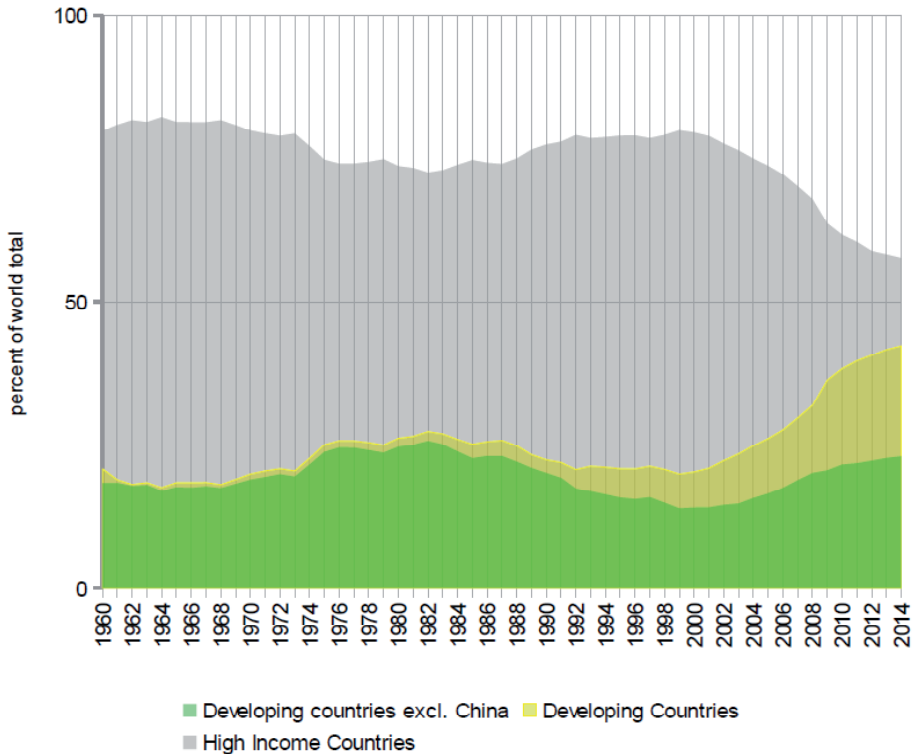
⁵²⁴ Fortune Magazine: Fortune Global 500 list in 2012, http://money.cnn.com/magazines/fortune/global500/2012/full_list/index.html

⁵²⁵ Fortune Magazine: Fortune Global 500 list in 2012

The rise of China's monopolies in the past decade becomes obvious if one looks at their ranking in the same list at the beginning of the century. As we saw while Chinese corporations numbered 72 in the *Fortune Global 500* list of 2012, it was only 12 in 2001 (i.e. one sixth).⁵²⁶

Again as in world's output and exports China's advance was paralleled by a similar decline of the leading position of US imperialism. While in the early 2000 197 corporations amongst the *Fortune Global 500* had their headquarters in the USA, this figure was down to 132 in 2012.⁵²⁷

Figure 62: Gross Fixed Capital Formation, Imperialist Countries, Semi-Colonial Countries and China, 1960-2011 (in real 2005 USD)⁵²⁸



⁵²⁶ David Shambaugh: Are China's multinational Corporations really multinational?; in: EAST ASIA FORUM QUARTERLY, Vol.4 No.2 April-June 2012, p. 7

⁵²⁷ Chinese companies push out Japan on Fortune Global 500 list, By Agence France-Presse, July 9, 2012, <http://www.rawstory.com/rs/2012/07/09/chinese-companies-push-out-japan-on-fortune-global-500-list/>

⁵²⁸ Martin Seelos: Globale Verlagerung von konstantem Kapital, in: wirtschafts_krise Nr. 5, 2012, p. 91, <http://wirtschaftskrise.blogworld.at/2012/11/24/globale-verlagerung-von-akkumulation/>. Seelos has published on his blog a number of interesting economic studies from a Marxist point of view.

Let us now show another indicator of China's rise as an imperialist power. The Marxist economist Martin Seelos has published a very interesting study with numerous statistics and calculations about the global trends in capital accumulation in the past decades. He shows that China's share of Global Gross Fixed Capital Formation has grown dramatically since the restoration of capitalism in the early 1990s and in particular since the early 2000s. Figure 62 demonstrates that China's accumulated capital is already as much as all accumulated capital of so-called "Developing Countries" together.

The Chinese rulers have created a capitalist class. Today a majority share in China's output is produced by the private sector. This is reflected in the following figures: According to *The World Bank* and the *Chinese Development Research Center of the State Council* the non-state sectors contributed about 70% of the country's GDP and employment. The state sector's share in the total number of industrial enterprises (with annual sales over 5mn RMB) fell from 39.2% in 1998 to 4.5% in 2010. During the same period, the share of State Owned Enterprises in total industrial assets fell from 68.8% to 42.4%, while their share in employment declined from 60.5% to 19.4%. Their share in China's exports also fell from 57% in 1997 to 15% in 2010.⁵²⁹

The Chinese Stalinist bureaucracy created a new indigenous bourgeoisie out of its own ranks since the old Chinese capitalist class was expelled after 1949-52 to Hong Kong, Macao, Taiwan or oversea. Of course it also tries to attract the old Diaspora bourgeoisie but it has no appetite to withdraw from the scene and to hand the economy over to the later. For this reason a process of rapid primitive accumulation was initiated and – contrary to a widespread myth – it was mainly this capital accumulation and not export which was the main factor for China's growth in the past decades.⁵³⁰

A major result of this process of rapid capital accumulation was the growth of significant private capitalist sector as the figures above indicate. However given the huge size of the country's economy and the – in relation to this – small size of the new Chinese capitalist class, the ruling class made sure that a strong state capitalist sector ensures that China avoids the fate of economic collapse like the former Soviet Union after 1991. Quite the opposite, the state sector operates under the law of value and is the core of the economy and the spearhead for its operation on the world market.

In fact the state capitalist sector is the decisive heart of Chinese imperialism. Today the state owned enterprises are responsible for about 35% of the fixed-asset investments made by Chinese firms. More than two-thirds of Chinese companies in the Global Fortune 500 are state-owned enterprises. The biggest

⁵²⁹ See China 2030. Building a Modern, Harmonious, and Creative High-Income Society, pp. 110-111

⁵³⁰ This was also recognized by the British *'The Economist'* in 2008 when it wrote: „China's economy is driven not by exports but by investment, which accounts for over 40% of GDP.“ (The Economist: Economics focus: An old Chinese myth. Contrary to popular wisdom, China's rapid growth is not hugely dependent on exports, Jan 3rd 2008, <http://www.economist.com/node/10429271>)

State Owned Enterprises (SOE), excluding banks and insurance companies, are directed via controlling stakes which are owned by a central holding company known as the *State-Owned Assets Supervision and Administration Commission* (SASAC). Banks and insurance companies are majority owned by other agencies of the state. The banking sector is totally dominated by the state banks while foreign banks hardly play any role. The banking sector is also responsible for half of the whole financial system. If one combines this figure with the government bonds, the state sector provides nearly 2/3 of the financial system. (See Figure 63) Since Lenin developed the category of “state monopoly capitalism”, there has never been a more pure form of state monopoly capitalism than China in the last two decades.

After introducing the law of value in the early 1990s Chinese rulers undertook a massive transformation of the state sector. This was necessary since the task was to transform it from a state bureaucratic into a state capitalist sector. Therefore a massive process of downsizing and restructuring took place in the 1990s where thousands of the State Owned Enterprises went bankrupt and many more were fused into bigger units. (See Figure 64 for the SOE's declining share in numbers, employment and assets) One of the core institutions of world imperialism – The World Bank – formulates approvingly: “Many SOEs were corporatized, radically restructured (including labor shedding), and expected to operate at a profit. (...) As a result, the profitability of China's SOEs increased.”⁵³¹ According to the official report from the *State-owned Assets Supervision and Administration Commission*, the biggest 120 state-monopolies (which are mostly in sectors like electricity, petroleum, aviation, banking and telecoms) earned in 2011 net profits of 917 billion Yuan (\$142 billion).⁵³²

As a result both the state capitalist and the private capitalist sector massively increased their profits. In Figure 64 we can see the calculations of two Chinese socialist economists, Zhang Yu & Zhao Feng. They attempt to calculate the profit rate in the Chinese manufacturing industry between 1978 and 2004 from a Marxist point of view. Of course one has to put in mind that before the early 1990s the earnings in the manufacturing industry were not rate of profits in the sense as Marx understood it. Nevertheless the Figure indicates the difficulties of the capitalist restoration process in the 1990s and the upswing of the profit rate from the late 1990s onwards when it nearly tripled.

In Figure 65 we can see the continuing growth of the profits of the SOE's and even more of the non-state enterprises. The SOE's reported average return on equity grew from 2.2% in 1996 to 15.7% percent in 2007, before sliding back somewhat to 10.9 percent in 2009. The return on equity of the non-state enterprises even climbed to more than 20%.

⁵³¹ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 111

⁵³² The Economist: China's economy: Pedalling prosperity, May 26th 2012, <http://www.economist.com/node/21555762>

Figure 63: International Comparison of Ownership Structure of the Banking Sector (2005) and Financial System Structure (2009) (in %) ⁵³³

FIGURE 6 Ownership structure of the banking sector, 2005

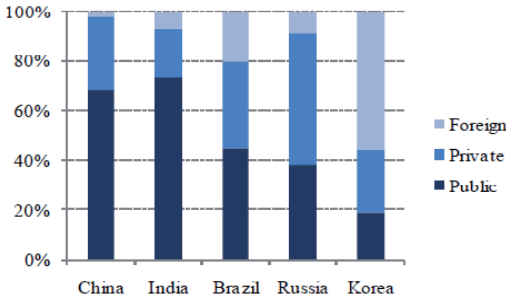


FIGURE 7 Financial system structure in comparison, 2009

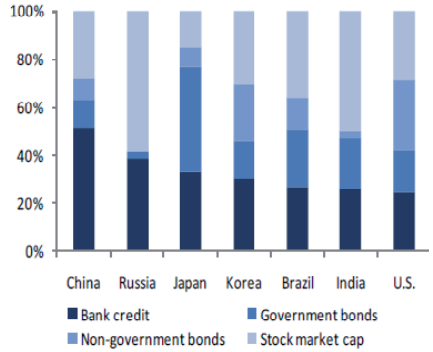
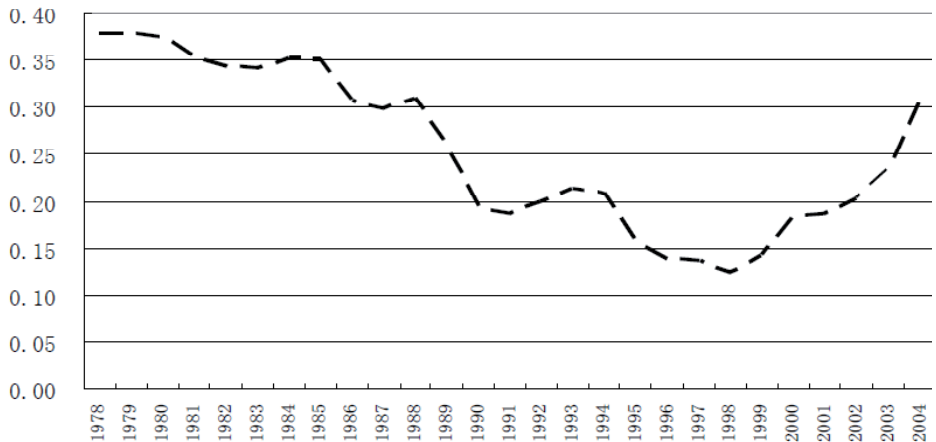


Figure 64: The Trend of Rate of Profit in the Chinese Manufacturing Industry, 1978–2004 (in %) ⁵³⁴



⁵³³ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 124

⁵³⁴ Zhang Yu & Zhao Feng: The Rate of Surplus Value, the Composition of Capital, and the Rate of Profit in the Chinese Manufacturing Industry: 1978–2005, Renmin University of China, Paper presented at the Second Annual Conference of the International Forum on the Comparative Political Economy of Globalization, 1-3 September 2006, p. 13

As we said, these state-owned enterprises are operated as capitalist units. They are mostly stock companies with the state holding the majority of shares. (This model, by the way, is also often applied in state-capitalist enterprises in Western European countries.) Their operation according to the law of value is underlined by the fact that they don't pay the dividends, which have increased since a reform in 2007 to 5-15% of profits, to the finance ministry – the formal majority share holder. They pay them rather into a special budget reserved for financing state enterprises, i.e. to themselves. As *The Economist* – a leading mouth piece of the Western monopoly capital – put it accurately: “SOE dividends, in other words, are divided among SOEs.”⁵³⁵

Unsurprisingly, the top positions in the state-owned enterprises are dominated by the ruling party's sons and daughters. Two academics, Li-Wen Lin and Curtis J. Milhaupt, have shown in an actual study the very close relations and interweaving of the party, state and the state-owned enterprises. They conclude with justification: “We call the organizational structure of state capitalism as practiced in China a networked hierarchy.”⁵³⁶

Figure 65: Size of State-Owned Enterprises and Rate of Return in Private and State Enterprises in China, 1998-2010 (in %)⁵³⁷

FIGURE 4 SOEs have declined in relative importance

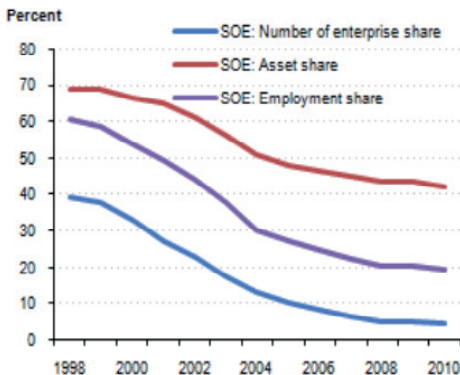
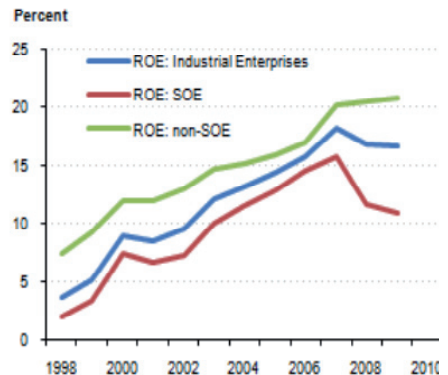


FIGURE 5 The rate of return for non-state firms exceeds that of SOEs



⁵³⁵ The Economist: China's economy: Pedalling prosperity, May 26th 2012, <http://www.economist.com/node/21555762>

⁵³⁶ Lin, Li-Wen and Milhaupt, Curtis J., We are the (National) Champions: Understanding the Mechanisms of State Capitalism in China (November 1, 2011). Columbia Law and Economics Working Paper No. 409. Available at SSRN: <http://ssrn.com/abstract=1952623> or <http://dx.doi.org/10.2139/ssrn.1952623>, p. 10

⁵³⁷ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 111

According to another report, “more than 90 percent of those in the richest 20,000 people in China are said to be ‘related to senior government or Communist Party officials,’ creating a whole class of millionaire and billionaire ‘princelings’ the offspring of top officials.”⁵³⁸

The creation of a Chinese capitalist class is reflected also in the prominent place the country’s super-rich gain increasingly in the world’s exclusive club of multimillionaires. According to the Hurun Report the number of millionaires surpassed one million the first time in China in 2010.⁵³⁹ 251 of them are dollar billionaires, up from as little as only 15 billionaires six years ago.⁵⁴⁰ The report says that “half of the millionaires are business owners, and the rest are investors in stocks or real estate or are what are known in China as “golden collars,” or high-level executives. China’s superrich are mostly business owners.”⁵⁴¹

This growing Chinese capitalist class is, of course, still substantially smaller than its US rivals, but it is already on an equal footing with other imperialist rivals. According to the *World Wealth Report 2012*, published by Capgemini and RBC Wealth Management, China has the fourth biggest number of super-rich, only behind US, Japan, Germany but ahead of Britain, France and Canada.⁵⁴² Another list of the super-rich – measuring the number of so-called “Ultra high net worth individuals” defined as those with net assets exceeding US-Dollar 50 million – ranks China (behind the USA) in the second place with 4,700 representatives (5.6% of the global total), followed by Germany (4,000), Japan (3,400), the United Kingdom (3,200) and Switzerland.⁵⁴³ The *Boston Consulting Group* comes to slightly different results, ranking China as number three in the list of millionaire households.⁵⁴⁴ The general picture, however, is pretty clear: China’s emergence as a new imperialist power was accompanied by the formation of a super-rich class of monopoly capitalists.

Exploitation and Super-Exploitation of the Working Class

The material basis for China’s leap into an imperialist power was the creation of a massive amount of capitalist value through the huge super-exploitation of its working class. There was hardly any other capitalist power in the history of the 20th century (except the phase of fascism), which could not only exploit its working class but also extract huge extra-profits by the super-exploitation of

⁵³⁸ John Bellamy Foster and Robert W. McChesney: *The Global Stagnation and China*, in: *Monthly Review*, Volume 63, Issue 09 (February 2012), <http://monthlyreview.org/2012/02/01/the-global-stagnation-and-china>

⁵³⁹ Lillian Lin: *Unease Among the Moneyed Ranks*, 1.8.2012, <http://blogs.wsj.com/chinarealtime/2012/08/01/unease-among-the-moneyed-ranks/>

⁵⁴⁰ China’s Rich are getting poorer in new Hurun Rich List, Hurun Report, 24.9.2012, <http://www.hurun.net/usen/NewsShow.aspx?nid=349>

⁵⁴¹ Lillian Lin: *Unease Among the Moneyed Ranks*, 1.8.2012

⁵⁴² Capgemini and RBC Wealth Management: *World Wealth Report 2012*, p. 9

⁵⁴³ Credit Suisse: *Global Wealth Report 2012*, p. 20

⁵⁴⁴ Boston Consulting Group: *Global Wealth 2012*, p. 9

the majority of the proletariat. This is the "secret" behind the Chinese economic miracle.

After the historic defeat of the Chinese working class delivered by the reactionary Stalinist bureaucracy in June 1989, the working class was massively robbed of its social gains.⁵⁴⁵ They successfully introduced the law of value in the economy and transformed the workers into a commodity like in the capitalist world. An author of the *China Left Review* summarized this fundamental change adequately with the following words:

*"The Chinese economy today is capitalist, I have argued, because employment relations have been transformed along capitalist lines. Work unit members have been expropriated; they have lost their membership rights and are now simply contract labor. This fundamental change has allowed Chinese enterprises to act like capitalist enterprises. Freed from long-term responsibilities for their employees, they can now treat labor as a flexible input, which allows them to focus on maximizing profit. This is true not only of private companies, but also of the remaining state-owned enterprises and all of the public-private hybrids in between."*⁵⁴⁶

One of the attacks was the introduction of piece-rate wages where each worker got an individual wage according to his or her individual working results. Another one was the shift from lifetime employment to a system of labor contracts. Under this new system, workers had to sign and renew their contracts with the management annually on an individual basis. Despite long resistance by the workers the state bureaucracy finally succeeded in implementing it. So while in 1986 only 6% of the workers in the state-owned enterprises were placed under the contract system, this share increased to a quarter of all SOE workers in 1994.⁵⁴⁷

A decisive step in implementing the low of value in China's state-owned enterprises was a ruthless wave of layoffs. According to official figures, presented in the Chinese Communist Party's mouthpiece *People's Daily*, speaks about more than 26 million workers laid off between 1998 and 2002:

*"At the second plenary session of the 30th meeting of the Standing Committee of the National People's Congress (NPC), China's top legislature, Zhang explained to Chinese lawmakers that, during the period from 1998 to the middle of this year, a total of 26.11 million SOE staff members have been laid off, of whom 17.26 million have since been re-employed."*⁵⁴⁸

Another report by a researcher working at the *China Institute of Industrial*

⁵⁴⁵ We Bolshevik-Communists stood in solidarity with the Chinese workers and youth uprising in spring 1989 and the perspective for the political revolution against the Stalinist bureaucracy. We have published our position inter alia in two resolutions in June 1989 "China: Revolution and Repression" and "MRCI Statement on China"; in: *Trotskyist International* No. 3, Summer 1989.

⁵⁴⁶ Joel Andreas: Expropriation of Workers and Capitalist Transformation in China; in: *China Left Review*, Issue#4, Summer 2011, <http://chinaleftreview.org/?p=477>

⁵⁴⁷ See Gerard Greenfield and Apo Leong: China's Communist Capitalism: The Real World of Market Socialism; in: *The Socialist Register* 1997, pp. 98-99

⁵⁴⁸ China's State-owned Enterprise Lay-offs Finding New jobs: Minister, *People's Daily*, October 27, 2002, http://english.peopledaily.com.cn/200210/27/eng20021027_105729.shtml

Relations, which is the Institute of the official trade union *All China Federation of Trade Unions*, gives the figure of “around 30 million employees, or half the total SOE workforce”.⁵⁴⁹ If we look to a longer period, there are estimates that the Chinese capitalist class sacked between 1993 and 2006 approximately 60 million state-owned enterprise employees.⁵⁵⁰

This wave of mass layoffs was part of the full implementation of the capitalist law of value in China’s state economy. By 2005, over 85% of small and medium-sized SOEs were restructured and privatized, according to a report of the Chinese researcher Dongtao.⁵⁵¹

Another decisive instrument was the utilization of the old household registration system which was set up by the Stalinist bureaucracy in 1958. According to this system (called *hukou* in China) “residents were not allowed to work or live outside the administrative boundaries of their household registration without approval of the authorities. Once they left their place of registration, they would also leave behind all of their rights and benefits. For the purpose of surveillance, everyone, including temporary residents in transit, was required to register with the police of their place of residence and their temporary residence. By the 1970s, the system became so rigid that ‘peasants could be arrested just for entering cities’.”⁵⁵²

Given the rural poverty and the opportunities for jobs in the cities, millions and millions of rural, mostly young, peasants moved to the cities to find employment. These former peasants or peasant youth who moved to the cities are called *migrants* in China. This category is misleading since it is usually used for people who move from one to another country. In fact they are rural-to-urban migrant workers. However it is no accident that these people are called migrants, because there is an important similarity between them and those who internationally are called migrants: they move to areas where they live often illegally and without rights and claim to social security. So these former rural people move to the cities where they are often illegal and – because of the *hukou*- system – have no access to housing, employment, education, medical services and social security.

The state gives them only little education but throws them as machine fodder into the production process. 40.3% of migrant workers only have an elementary level of education, 48% have middle school and only 11.6% high school education. The capitalists push the migrant workers value as labor force

⁵⁴⁹ Jian Qiao: Between the State and Market: Multiple Roles of the Chinese Trade Union during Market Transition. A Survey of 1811 Enterprise Union Chairpersons, China Institute of Industrial Relations, p. 1, http://www.ilera-directory.org/15thworldcongress/files/papers/Track_2/Poster/CT2_59_Qiao.pdf

⁵⁵⁰ Paul Mozur: Review of William Hurst’s ‘The Chinese Worker After Socialism’, in: THE FAR EASTERN ECONOMIC REVIEW, May 2009, http://www.viet-studies.info/kinhte/chinese_worker_after_socialism.htm

⁵⁵¹ Qi Dongtao: Chinese Working Class in Predicament, in: East Asian Policy Volume 2, Number 2, Apr/Jun 2010, p. 6

⁵⁵² China Labour Bulletin: Migrant workers in China, 6 June, 2008, <http://www.clb.org.hk/en/node/100259>

constantly to the physical minimum. Their living conditions are very poor; most of them live in shoddy housing, tents, under bridges and tunnels or even car trunks.⁵⁵³

These migrants soon became a major driving force for the capitalist process of super-exploitation. The number of migrant workers in China rose from about 30 million (1989), to 62 million (1993), 131.8 million (2006) and by the end of 2010, their number grew to an estimated 242 million. In the capital city, Beijing, about 40% of the total population are migrant workers, while in Shenzhen nearly 12 million of the total 14 million population are migrants. These migrant workers are usually pushed into hard-labor, low-wage jobs. According to the *China Labour Bulletin* migrants make up 58% of all workers in the industry and 52% in the service sector. The proportion of migrant workers in manufacturing industries and in construction reached as high as 68% and 80% respectively.⁵⁵⁴

Another study also shows that the rural-to-urban migrant workers have become the largest proportion of the workforce, making up some two-thirds of all non-agricultural workers. They have become dominant in a number of major sectors: 90% in Construction, 80% in Mining and Extraction, 60% in Textiles and 50% in Urban Service Trades. (See Table 53)

Related to this is the existence of a huge so-called informal sector which given its precarious conditions is a breeding ground for super-exploitation. According to official figures of the World Bank and a Chinese State institute the informal sector accounted in the 2000s for 30%-37% of the total urban labor force. (See Figure 66)⁵⁵⁵

This super-exploitation of the workers – where the Stalinist-capitalist ruling class depressed their wages below their value – is the main reason for the spectacular growth of profits. We remind our readers to the figures on China which we reproduced in Chapter 5 “*Rising exploitation, super-exploitation and the lowering the value of labour force*”. They showed that the share of industrial

Table 53: Rural-to-Urban Migrants as a Proportion of Total Workforce (in %)⁵⁵⁶

<i>Industry</i>	<i>Proportion of Total Workforce (per cent)</i>
Construction	90%
Mining and Extraction	80%
Textiles	60%
Urban Service Trades	50%

⁵⁵³ Research on Chinese Workers Editorial Collective: The Current and Future Condition of China's Working Class; in: China Left Review, Issue#4, Summer 2011, <http://chinaleftreview.org/?p=471>

⁵⁵⁴ China Labour Bulletin: Migrant workers in China, 6 June, 2008

⁵⁵⁵ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 351

⁵⁵⁶ Andrew Watson: Social Security for China's Migrant Workers – Providing for Old Age (2009), in: Journal of Current Chinese Affairs, Vol. 38, No. 4, p. 91

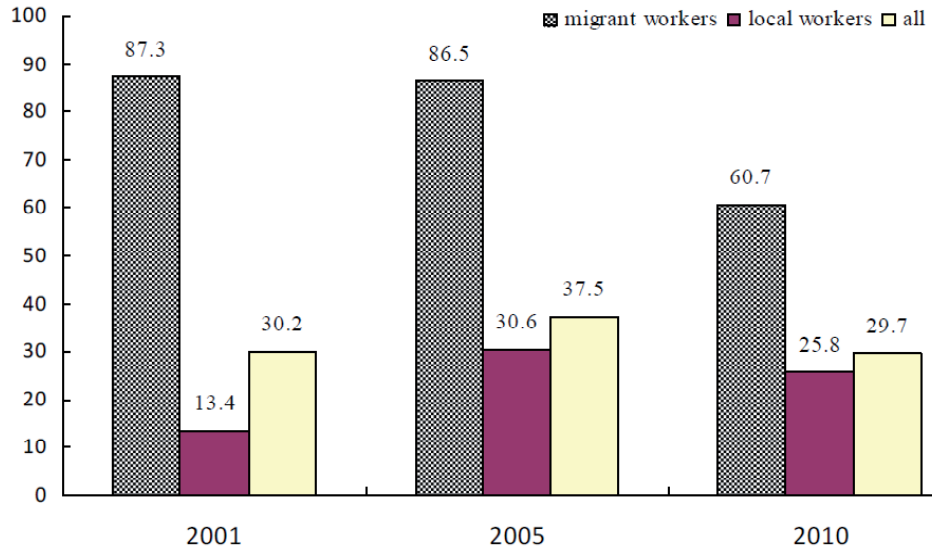
workers wages in the China's manufacturing value added sharply collapsed from 52.3% in 2002 to 26.2% in 2008. Total wages declined as a share of GDP from 57% in 1983 to just 37% by 2005 through to 2010.

On this basis the capitalists were able to massively raise the labor productivity in manufacturing in 2000–2008 by annually 6.7% and in the total economy between 1990 and 2008 by an average of over 9% a year.⁵⁵⁷ This means in the words of *The Economist*: "Output that used to take 100 people in 1990 required fewer than 20 in 2008."⁵⁵⁸

The massive exploitation of the Chinese working class becomes also visible from a comparison of government spending. While China spends a similar or not-much-below proportion of its total annual income for education and environmental protection, its spending for most essential support for the toiling masses like health and social protection are miles behind other capitalist countries – between 1/3 or 1/5 of the OECD countries share.⁵⁵⁹ (See Figure 67)

Figure 66: Share of Informal Employment in Urban Labor Market amongst Migrant and Local Workers in China, 2001-2010 (in %)⁵⁶⁰

FIGURE 4.4 Size and composition of informal employment in urban labor market various years



⁵⁵⁷ Asian Development Bank: Asian Development Outlook 2012. Confronting Rising Inequality in Asia, p. 66

⁵⁵⁸ The Economist: China's economy: Pedalling prosperity, May 26th 2012, <http://www.economist.com/node/21555762>

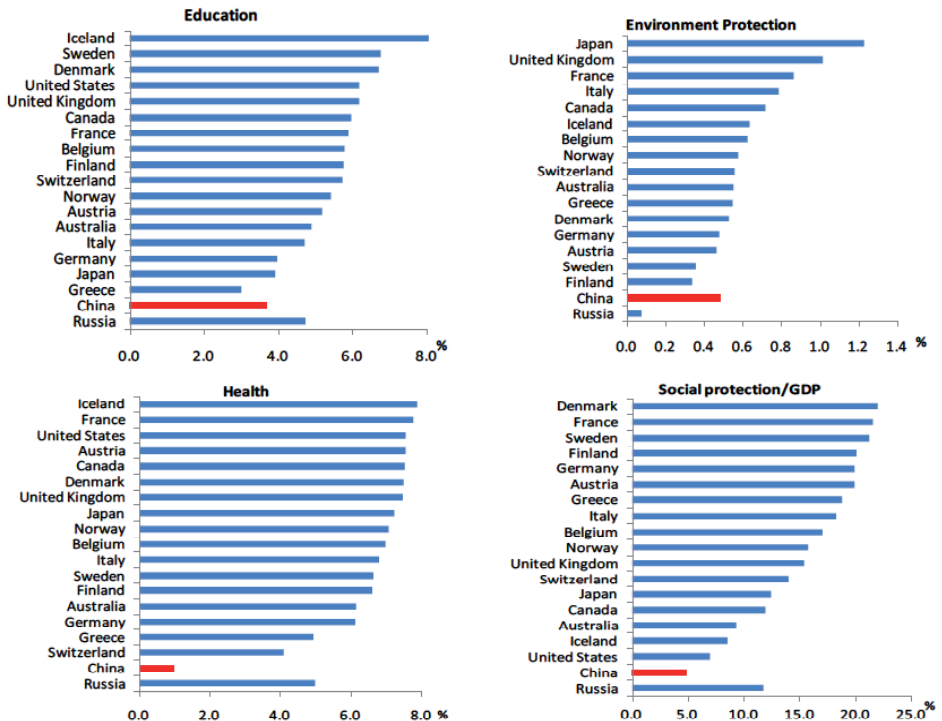
⁵⁵⁹ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 99

⁵⁶⁰ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 351

The brutal capitalist exploitation process increasingly worsens job perspectives for sectors of the upper strata of the working class and the middle class too. According to an official report, in 2007 there were a total of 5.67 million college entrants and 4.95 million university graduates. More than 60% of university graduates will face unemployment and their average wages are expected around the level of migrant workers.⁵⁶¹

At the same times there are already some tendencies which indicate the formation of a small layer of a labor aristocracy. A study which focused on the economic and social development in the so-called "Special Economic Zones", where particularly favorable conditions exist for the capitalists and all other cities, showed the gap between the real wages of the top layer and of the lowest strata of the workers. Using official data it came to the conclusion that both in the "Special Economic Zones" as well as in all other cities the gap between the top 10% and the bottom 10% grew in 1988-2001 from less than 2000 Yuan

Figure 67: Cross Country Comparison of Government Expenditures for Education, Health, Environmental and Social Protection as a share of GDP, China and other countries, 2007 and 2009 (in %)⁵⁶²



⁵⁶¹ Research on Chinese Workers Editorial Collective: The Current and Future Condition of China's Working Class; in: China Left Review, Issue#4, Summer 2011, <http://chinaleftreview.org/?p=471>

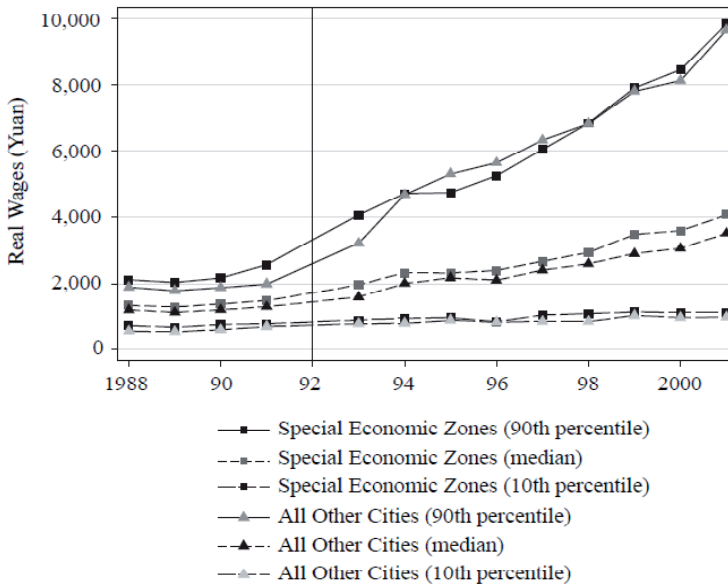
⁵⁶² China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 99

(in 1985 units), to nearly 10,000 Yuan. Another Figure calculated by the same author shows the growing gap between the top layer wages and the median wages. (See Figures 68 and 69)

As a result of these massive attacks, the Chinese capitalists get from their workers a particular high rate of surplus. The rate of exploitation of the Chinese working class is substantially higher than, for example, the rate of exploitation of the US or European workers. The Chinese researcher Dongtao presents a number of figures which indicate a huge rise of the rate of exploitation of China's working class in the past two decades:

*"Wages constitute less than 10 per cent of total cost of Chinese enterprises, while that for developed countries is about 50 per cent. In the Pearl River Delta, productivity is about 17 per cent that of the US, but workers' wages are only about 6.7 per cent that of the US. From 1990 through 2005, labour remuneration as proportion of GDP declined from 53.4 per cent to 41.4 per cent in China. From 1993 through 2004, while Chinese GDP increased by 3.5 times, total wages increased by only 2.4 times. From 1998 to 2005, in SOEs and large scale industrial enterprises, the percentage of total wages/profit dropped significantly from 240 per cent to 43 per cent."*⁵⁶³

Figure 68: Inequality in Real Wages in Special Economic Zones and All Other Cities between top and bottom layer of Workers, 1988-2001 (in Yuan in 1985 units)⁵⁶⁴



⁵⁶³ Qi Dongtao: Chinese Chinese Working Class and Trade Unions in the Post-Mao Era: Progress and Predicament, in: International Journal of China Studies, Vol. 1, No. 2, October 2010, p. 420

⁵⁶⁴ Avraham Ebenstein: Winners and Losers of Multinational Firm Entry into Developing Countries: Evidence from the Special Economic Zones of the People's Republic of China, ADB Economics Working Paper Series, No. 276, October 2011, Asian Development Bank, p. 23

China's workers are enraged about the brutal capitalist exploitation. A group of Chinese pro-working class researchers recently reported about rising sentiments amongst workers against the bosses and the nostalgia for the time before the market reforms was introduced:

*"The conditions brought on by the development of capitalist relations of production provided China's traditional workers with a solid education in reality. Laid-off workers could be heard exclaiming, 'Mao gave us the Iron Rice Bowl. Deng poked our eyes, Jiang Zemin stomped on us, and Zhu Rongji kicked us aside.' A worker at Jihua Tractor said, 'These past few years there has been rapid development, which is undeniably tied to a capitalist form of primitive accumulation. The primitive accumulation that took place over a hundred years during capitalism's start only took a few years to carry out in Jihua!' Workers would lament that 'During the Qing Dynasty, it would cost a fortune to take care of a local official. The costs of a Qing official pale in comparison with today's cadres! (...) When Mao was in power, workers had good spirits, were not easily bullied and were the masters of the factory. Since Deng, workers don't have a penny to spend. Now their power has been handed over to foreigners and leaders who exploit and oppress workers, serving the interests of a small minority. The state is only socialist in name, not reality.'"*⁵⁶⁵

Figure 69: Inequality in Nominal Wages in Special Economic Zones and All Other Cities between top and median layer of Workers, 1988-2001 (in Yuan)

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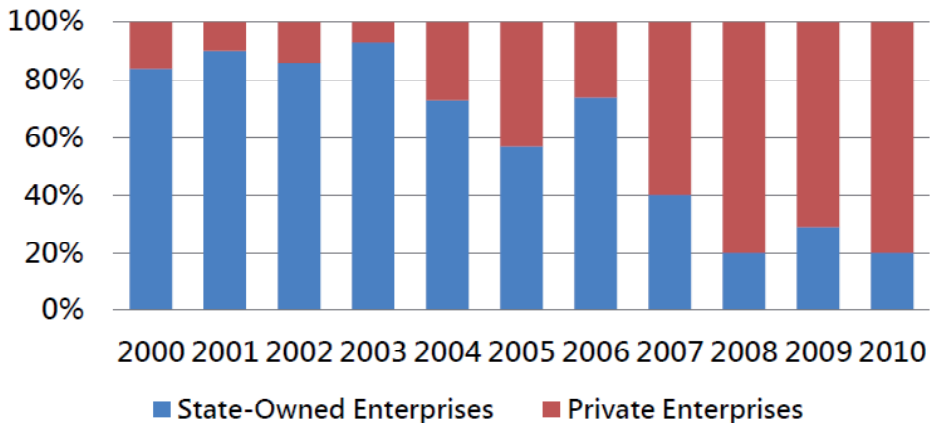
⁵⁶⁵ Research on Chinese Workers Editorial Collective: The Current and Future Condition of China's Working Class; in: China Left Review, Issue#4, Summer 2011, <http://chinaleftreview.org/?p=471>

⁵⁶⁶ Avraham Ebenstein: Winners and Losers of Multinational Firm Entry into Developing Countries, p. 49

It is only natural that the Chinese working class is trying hard to fight for its rights despite the draconic regime of the Stalinist-capitalist dictatorship. Developments in the past few years are indicating a massively growing militancy. Popular protests called “mass incidents” rose, according to official statistics from China’s Academy of Social Sciences, from 60.000 (2006) to more than 80.000 (2007). This publication was discontinued – obviously the bureaucracy feared that these figures could have an even more inspiring effect. However there are estimates that in 2009 already 90.000 “mass incidents” took place and the Chinese sociologist Sun Liping estimates that the figure for 2010 was even 180.000.⁵⁶⁷

The focus of the workers protests shifted in the 2000s from the state-owned sector to the private enterprises. (See Figure 70) This is not surprisingly since the working class is increasingly employed in this sector. However, as Pei Haide points out in the *China Left Review*, the resistance of the workers in the state-owned enterprises poses a particularly explosive potential for political and militant struggles. We can only agree with the authors’ conclusion:

Figure 70: Distribution of Workers Protests in State-Owned and Private Enterprises, 2000-2010 (in %)⁵⁶⁸



⁵⁶⁷ See China Labour Bulletin: A Decade of Change. The Workers’ Movement in China 2000-2010 (2012), www.clb.org.hk, pp. 9-10 and Edward Wong: China’s Growth Slows, and Its Political Model Shows Limits, New York Times, May 10, 2012, <http://www.nytimes.com/2012/05/11/world/asia/chinas-unique-economic-model-gets-new-scrutiny.html?pagewanted=all>.

⁵⁶⁸ China Labour Bulletin: A Decade of Change. The Workers’ Movement in China 2000-2010, p. 13

"...the contradictions between the traditional working class and capitalists sharpen as SOEs are restructured. Indeed restructuring becomes the starting point for workers' struggles. Second, the traditional working class struggle in form for their economic interests, demanding that factories pay their back-wages, and pay monies owed to their pension and medical insurance accounts. In substance, the traditional working class' struggle with the capitalist class is a political struggle."⁵⁶⁹

The Chinese researcher QI Dongtao reports that between 1995 – when the *Chinese Labor Law* became effective nationwide – and 2006, the number of labor dispute cases increased from 33,030 to 447,000, or by over 12 times. The number of dispute cases per million workers increased from about 48 to 585, or by over 11 times.⁵⁷⁰ In Table 54 we find a concrete list of the rising number of workers struggles in China and its characteristics.

The internationally most prominent example for popular struggle was the Uprising in Wukan in late 2011 where the local people drove out the party-state functionaries and their police hooligans and created a Commune in the liberated area.

Table 54: Annual Increase in Labor Disputes in China 1995-2006⁵⁷¹

Year	Cases accepted by LDAC ^a	Workers involved in labour disputes	Disputes per million workers ^b	Collective disputes	Workers involved collective disputes	Percentage of workers in collective disputes against the total number of labourers in disputes
1996	33,30	122,512	47.93	2,588	77,340	63.13
1996	47,951	189,120	69.65	3,150	92,203	48.75
1997	71,524	221,115	102.76	4,109	132,647	59.99
1998	93,649	358,531	133.87	6,767	251,268	70.08
1999	120,191	473,957	170.28	9,043	319,241	67.36
2000	135,206	422,617	190.03	8,247	259,445	61.39
2001	154,621	556,230	211.74	9,847	286,680	51.54
2002	184,116	608,396	249.68	11,024	374,956	61.63
2003	226,391	801,042	304.16	10,823	514,573	64.24
2004	260,471	764,981	346.37	19,241	477,992	62.48
2005	313,773	744,195	413.81	19,387	409,819	55.07
2006	447,000	680,000	585.08	14,000	350,000	51.47

⁵⁶⁹ Pei Haide: What Two Case Studies Tell Us about the Situation of State Owned Enterprise Workers Today, China Left Review, Issue#4, Summer 2011, <http://chinaleftreview.org/?p=483>

⁵⁷⁰ Qi Dongtao: Chinese Working Class in Predicament (2010), EAI Background Brief No. 528, p. 10

⁵⁷¹ Qi Dongtao: Chinese Working Class in Predicament, in: East Asian Policy Volume 2, Number 2, Apr/June 2010, p. 11

The ruling class increasingly fears the workers protests and, as a reaction, spends huge sums to build an even bigger repression apparatus to smash the working class in the case it should try to repeat an Uprising like in spring 1989. In March 2012, the government announced that it planned to spend \$111 billion this year on domestic security – this is the overall budget for police, state security, armed militia, courts and jails and other items of “public security”. This is an increase of 11.5% over 2011, and \$5 billion more than this year’s military budget.⁵⁷² One observer remarked that the growing social and regional inequalities in China will lead to a rebellion “*as long and as arduous a struggle as the Civil War in the United States.*”⁵⁷³

This massive domestic repression apparatus is also necessary because another aspect of China’s emerging imperialism is the oppression of its more than 100 million national and ethnical minority people – their interior colonies. And these national minorities also desire to get rid of the Han-dominated Stalinist-capitalist regime as the repeated uprising in Tibet and Eastern-Turkestan (called Xinjiang by the Han-Chinese) in recent years has shown.

Capital Export as Bond and Loan Capital

One of the most important characteristics of an imperialist bourgeoisie is its formation of monopolies which export capital. Indeed such a development happened in China during the last decade. We have already shown above the numbers of Chinese monopolies which have entered the league of the biggest global corporations. As a result China has enormously increased its capital export.

China’s rapid growth as a capital exporter takes place both on the level of productive investment and on the level of money capital (bonds, loans etc.). As a result of its immense rapid process of capital accumulation, Chinese imperialism has also accumulated huge volumes of money capital. This is expressed in an extraordinary fast growth of its foreign exchange reserves. These reserves exploded from \$165 Billion in 2000 to \$3.305 Billion in March 2012.⁵⁷⁴ As such China’s foreign exchange reserves equal the combined sum of the next 6 biggest foreign exchange reserves holders! Of course, foreign exchange reserves are not bundles of paper money which is stuffed in a safe but money capital which is put in circulation to secure the holder an interest, i.e. a share of the surplus value created by the respective country. Usually foreign

⁵⁷² See China Labour Bulletin: A Decade of Change. The Workers’ Movement in China 2000-2010 (2012), www.clb.org.hk, p. 13 and Edward Wong: China’s Growth Slows, and Its Political Model Shows Limits, New York Times, May 10, 2012, <http://www.nytimes.com/2012/05/11/world/asia/chinas-unique-economic-model-gets-new-scrutiny.html?pagewanted=all>

⁵⁷³ Quoted in Avraham Ebenstein: Winners and Losers of Multinational Firm Entry into Developing Countries, p. 32

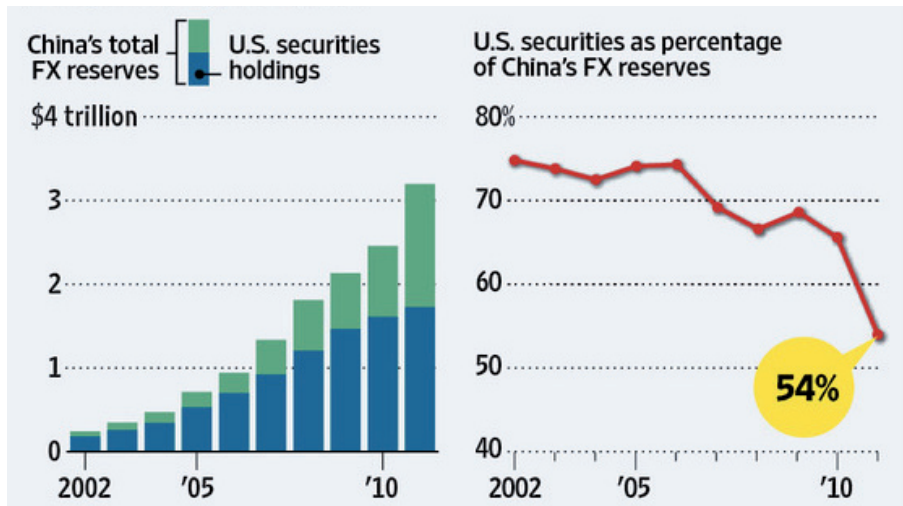
⁵⁷⁴ The People’s Bank of China: Foreign Exchange Reserves in March 2012, <http://www.pbc.gov.cn/publish/html/2012s09.htm>

exchange reserves are invested in relatively secure deposits like government bonds, deposits at the *Bank for International Settlements* or *Special drawing rights* (SDRs) maintained by the International Monetary Fund. In fact about 83% of China's total assets of US\$3.4 trillion are foreign exchange reserves and most of it is invested in foreign sovereign bonds.⁵⁷⁵

In Figure 71 we can see the explosive growth of China's foreign exchange reserves between 2002 and 2011. At the same time we can see that it has become an essential share holder of US public debt. Recently it has become the biggest foreign bond holder of US debt. Of all U.S. debt holders China is with \$1.73 trillion the third-largest, behind only of two US government institutions themselves – the Social Security Trust Fund's holdings of nearly \$3 trillion and the Federal Reserve's nearly \$2 trillion holdings in Treasury investments.⁵⁷⁶

At the same time China's ruling class is diversifying its deposits of foreign government bonds. As the same Figure shows, Beijing has reduced its holdings of U.S. securities as a share of its total holdings. This share has declined from 75% in 2002 to 54% in 2011. Recently China's state capital has started to buy shares of Euro zone's public debt. In February 2012, China's Premier Wen Jiabao, said at the EU-China summit: "Europe is a main investment destination for

Figure 71: China's Foreign Exchange Reserves and its US Securities Holdings, 2002-2011⁵⁷⁷



⁵⁷⁵ Yiping Huang: The changing face of Chinese investment; in: EAST ASIA FORUM QUARTERLY, Vol.4 No.2 April-June 2012, p. 13

⁵⁷⁶ Tom Murse: How Much U.S. Debt Does China Really Own? <http://usgovinfo.about.com/od/moneymatters/ss/How-Much-US-Debt-Does-China-Own.htm>

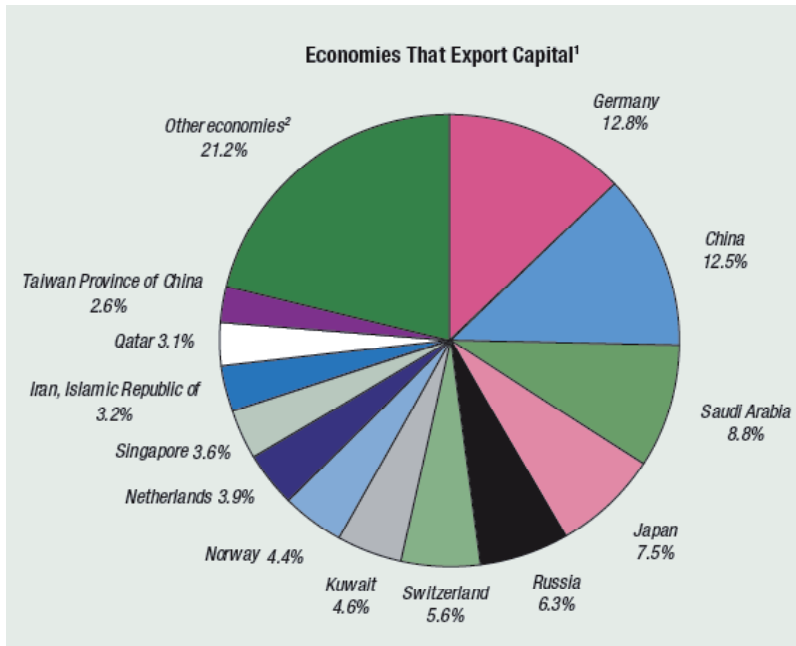
⁵⁷⁷ Tom Orlik and Bob Davis: Beijing Diversifies Away From U.S. Dollar, Wall Street Journal, March 2, 2012

China to diversify its foreign-exchange reserves." Already in the first half of 2011, Asian governments – essentially Japan and China – accounted for between 14% and 24% of purchases for three EFSF bond sales worth €13 billion. These volumes are expected to have grown since then.⁵⁷⁸

China is also an active lender in bilateral loans. According to the "Financial Times", Chinese banks have emerged as a major financier over the past few years. It is already lending more money to so-called developing countries than the World Bank. The *China Export Import Bank* and *China Development Bank* signed loans of at least \$110 billion to other developing country governments and companies in 2009 and 2010 (the World Bank made commitments of \$100.3 billion from mid-2008 to mid-2010). The purpose of these loans is – as it is usually the case with state loans to foreign governments – to support Chinese exports and businesses overseas.⁵⁷⁹

It is therefore not surprising that China is today close to be the biggest Net Capital Exporter, only slightly behind Germany. (See Figure 72)

Figure 72: China as the world second biggest Net Capital Exporter, 2011⁵⁸⁰



⁵⁷⁸ Tom Orlik and Bob Davis: Beijing Diversifies Away From U.S. Dollar, Wall Street Journal, 2.3.2012, <http://online.wsj.com/article/SB10001424052970203753704577254794068655760.html>

⁵⁷⁹ International Rivers: Chinese Financiers, <http://www.internationalrivers.org/campaigns/chinese-financiers>

⁵⁸⁰ IMF: Global Financial Stability Report, April 2012, Statistical Appendix, p. 3

Capital Export as Foreign Direct Investment

However China's capital is not only active on the international loan and bond market but also as a foreign investor in the industrial and raw material sector. Since China emerged only recently as an imperialist power it is still weaker on the global market than those imperialist powers which have dominated for more than a century. So in Table 55 we see that the old imperialist powers like the USA, Britain, Germany or France still have an outward stock of Foreign Direct Investment (FDI) bigger than China. However the latter is already not far behind imperialist Italy.

However, one has to bear in mind that China started only some years ago its massive foreign investment drives. Remember that we showed in Table 30 above that China's share of global FDI stock was 0.2% in 1990 and 0.4% in 2000. Since then it has more than quadrupled to 1.7%.

This is because of the rapid catch-up process in the 2000s. Figure 73 demonstrates this rapid growth since 2005. This Figure, published by the bourgeois US think tank *The Heritage Foundation*, compares the official and the Heritage calculations but the differences are not significant. According to the official Chinese statistics the country's FDI in the years 2005 to mid-2012 was \$344.8 billion while the Heritage Foundation gives the figure of \$335 billion.

In Table 56 we compare the annual FDI outward flows of a number of imperialist countries in the last five years. One can see that Chinese imperialism has already surpassed in Foreign Direct Investment rivals like Canada or Italy and has already reached the level of countries like Germany.

Table 55: FDI Outward Stock by Country, 2011 (share of global FDI Stock)

581

<i>Country</i>	<i>FDI outward stock 2011 (as share of global FDI stock)</i>
World	100
France	6.4%
Germany	6.8%
Britain	8.1%
Italy	2.4%
Canada	3.1%
USA	21.1%
Japan	4.5%
China	1.7%
Hong Kong	4.9%

Figure 73: China's Outward Investment, 2005 – mid 2012 (in billion of US-Dollar) ⁵⁸²

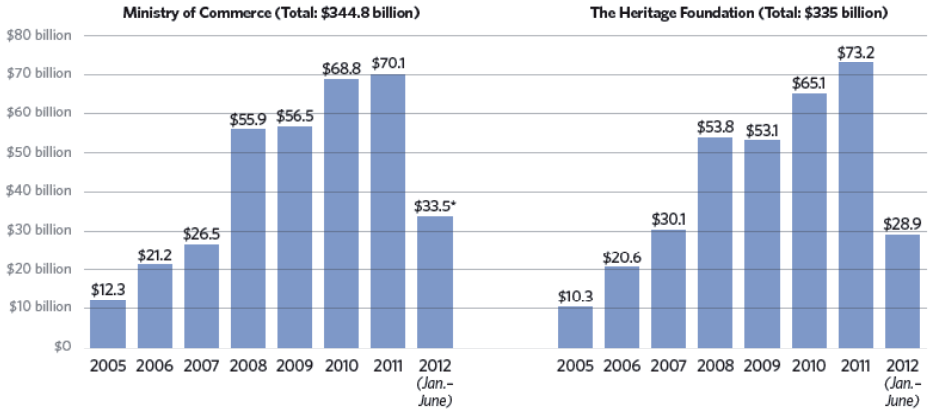


Table 56: FDI flows from selected countries, 2006-2011 (in billion US-Dollars) ⁵⁸³

Country	FDI inward stock					FDI outward stock				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
World	1,975	1,790	1,197	1,309	1,524	2,198	1,969	1,175	1,451	1,694
France	96	64	24	30	40	164	155	107	76	90
Germany	80	8	24	46	40	170	72	75	109	54
Britain	196	91	71	50	53	272	161	44	39	107
Italy	43	-10	20	9	29	96	67	21	32	47
Canada	114	57	21	23	40	57	79	41	38	49
USA	215	306	143	197	226	393	308	266	304	396
Japan	22	24	11	-1	-1	73	128	74	56	114
China	83	108	95	114	123	22	52	56	68	65
Hong Kong	54	59	52	71	83	61	50	63	95	81

⁵⁸² Derek Scissors: Chinese Outward Investment: Acceleration Features the U.S., Issue Brief No. 3656, July 9, 2012, Published by The Heritage Foundation, p. 2

⁵⁸³ UNCTAD: World Investment Report 2012, pp. 169-172

A Note on Hong Kong's Role in Foreign Direct Investment

At this point we need to make a remark about the place of Hong Kong in these statistics. While we have enlisted the figures for Hong Kong we have only referred to China's figures. This seems to be strange since Hong Kong has been part of the Chinese state since 1997. However we have deliberately left out Hong Kong because a number of foreign direct investments in Hong Kong originate from China and go back to China. The reason for this was that the Stalinist-capitalist government of China offered tax-privileges to foreign companies who invested in China. As a result many Chinese capitalists formally invested in Hong Kong to re-invest their capital in China. However this should have ended in the last years since China's government stopped these tax privileges in 2008.

The economist John Smith writes: "*Another example of this type of distortion is the so-called round-tripping' of Chinese investment through Hong Kong, in which domestic investment appears as FDI—up to half of all inward FDI into China is estimated to fall into this category.*"⁵⁸⁴

This is an important fact because it also means that the role of foreign direct investments into China is substantially overestimated. It means that the significance of the old imperialist capitals in China is less than often thought.

Another reason for exempting Hong Kong is that this former British colony serves as a centre for many Western multinational corporations for further investment in other Asian countries. Hence a significant part of FDI going out from Hong Kong is in fact Western imperialist FDI.

However, even excluding Hong Kong, China became the world's fourth-largest outward investor in 2010.⁵⁸⁵

Where is China investing abroad?

Towards which regions and countries is China investing abroad? In the following Table 57 – which draws on the most recent calculations published by *The Heritage Foundation* – we can see that the Chinese capitalists invested since 2005 significant amounts of capital in all regions. The most important countries for China's non-bond investments are (calculated in Billion US-Dollar): Australia (45.3), USA (42), Brazil (25.7), Indonesia (23.3), Nigeria (18.8), Canada and Iran (each 17.2) and Kazakhstan (12.3). Not listed in this table but also important are investments of about \$5 billion in Greece and in Venezuela

⁵⁸⁴ John Smith: What's new about "New Imperialism" (2007), p. 16; See on this also Robert E. Lipsey and Fredrik Sjöholm: South-South FDI and Development in East Asia; in: *Asian Development Review*, vol. 28, no. 2, Asian Development Bank 2011, p. 15; Hal Hill and Juthathip Jongwanich: Outward Foreign Direct Investment and the Financial Crisis in Developing East Asia; in: *Asian Development Review*, vol. 26, no. 2, Asian Development Bank 2009, p. 5

⁵⁸⁵ Karl P. Sauvart: New kid on the block learning the rules; in: *EAST ASIA FORUM QUARTERLY*, Vol.4 No.2 April-June 2012, p. 7

of about \$8.9 billion. (Figures for 2005-2010) ⁵⁸⁶

In which sectors does Chinese capital invest? Given China's size, rapid growth and lack of raw materials, a lot of its foreign investments go to the mining sector. Since 2003, almost 55% of China's Greenfield FDI and 27% of its Mergers &

Table 57: Destinations of China's Capital Export (Non-Bond Investment) from 2005 to mid-2012 (in billion of US-Dollar) ⁵⁸⁷

<i>Destination</i>	<i>\$ Billion</i>
<i>Western Hemisphere</i>	95.2
Brazil	25.7
Canada	17.2
Argentina	11.7
<i>Europe</i>	60.3
Britain	11.9
France	8.2
Switzerland	7.3
<i>Sub-Saharan Africa</i>	77.1
Nigeria	18.8
South Africa	8.2
D.R. Congo	7.8
<i>Arab World</i>	52.7
Saudi Arabia	11.4
Algeria	10.5
United Arab Emirates	8.2
<i>West Asia</i>	66.0
Iran	17.2
Kazakhstan	12.3
Russia	11.4
<i>East Asia</i>	66.7
Indonesia	23.3
Vietnam	8.8
Singapore	7.7
USA	42.0
Australia	45.3

⁵⁸⁶ Derek Scissors: China's Investment Overseas in 2010, Web Memo No. 3133, February 3, 2011, Published by The Heritage Foundation, p. 2

⁵⁸⁷ Derek Scissors: Chinese Outward Investment: Acceleration Features the U.S., Issue Brief No. 3656, July 9, 2012, Published by The Heritage Foundation, p. 3. The figures include only non-bond investment over \$100 million. They give the total figures for each region and list below the three biggest single countries. The author explains the data: "The Heritage Foundation offers the only public dataset of Chinese outward investment and dates back to 2005.1 The China Global Investment Tracker includes well over 300 investments of \$100 million or more from the beginning of 2005 through June 30, 2012. In addition to transactions valued at less than \$100 million, the dataset does not include bond purchases, trade, loans, or aid."

Acquisition transactions took place in the mining sector.⁵⁸⁸ This focus on the oil, gas and other raw materials is also visible from Table 58 which gives the sums of China's Non-Bond Investment for the years 2005-2010. This tendency remained unchanged in the last two years. (See Figure 74)

China's monopolies also increasingly buy into big Western players on the financial market. An author from the *US Federal Reserve Bank* publications reports of purchases by China Investment Corporation, China's sovereign wealth fund, of a 9.9% stake in Morgan Stanley and The Blackstone Group. The state-controlled China Development Bank purchased a 3.1% stake in Barclays; and the privately held Ping An Insurance group bought a 4.2% share in Fortis. The ICBC, China's largest state-controlled commercial banks, bought a 20% share of South African Standard Bank Group.⁵⁸⁹

We showed above the dominance of the state capitalist sector amongst China's monopolies. It is therefore not surprising that the state-owned enterprises

Table 58: China's Non-Bond Investment by Type 2005-2010 (in billion of US-Dollar)⁵⁹⁰

<i>Sector</i>	<i>Investment</i>
Energy and power	\$92.2 billion
Finance and real estate	\$38.4 billion
Metals	\$55.1 billion
Transport	\$4.6 billion
Other	\$3.2 billion

Figure 74: Sectoral Composition of China's recent Foreign Investments, July 2009 - June 2011 (in billion of US-Dollar)⁵⁹¹

Energy and Power	61.8
Metals	22
Finance and Real Estate	16.5
Transport	6.8
Agriculture	6.4
Technology	3.7
Other Industry	3.2
Total	120.4

⁵⁸⁸ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 418

⁵⁸⁹ Titan Alon, Galina Hale and João Santos: What Is China's Capital Seeking in a Global Environment?, FRBSF Economic Letter, 22.3.2010, <http://www.frbsf.org/publications/economics/letter/2010/el2010-09.html>

⁵⁹⁰ Derek Scissors: Where China Invests, And Why It Matters, 17.8.2010, <http://www.forbes.com/2010/08/17/china-spending-investment-overseas-markets-economy-china-tracker.html>

⁵⁹¹ Andrew Szamoszegi and Cole Kyle: An Analysis of State-owned Enterprises and State Capitalism in China, U.S.-China Economic and Security Review Commission, October 26, 2011, p. 86

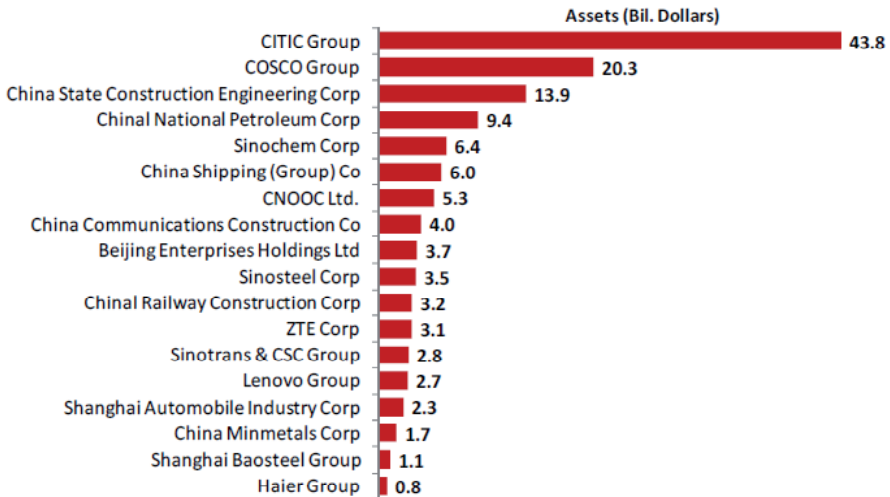
SOE's also play a dominating role in the country's foreign investments which is undertaken by the more than 34.000 foreign affiliates controlled by some 12.000 Chinese parent companies.⁵⁹²

In 2009, more than 2/3 of China's FDI outflows were from centrally controlled SOEs and a portion of the remainder was from firms partially-owned or controlled by the state, or by provincial or municipal governments.⁵⁹³

The dominance of the state-capitalist sector is particularly strong in the bigger projects. *The Heritage Foundation* reports: "In terms of the large deals, though, SOEs absolutely dominate. SOEs accounted for 96 percent of the dollar value of Chinese investments from 2005 to the middle of 2012. The private role has been minimal."⁵⁹⁴

According to official figures, the four super-state-monopolies – the oil giants CNPC and Sinopec, the sovereign wealth fund CIC, and the metals conglomerate Chinalco – account for about half of Chinese spending since 2005.⁵⁹⁵ In Figure 75 we show the foreign assets of the Chinese non-banking SOE's in 2010.

Figure 75: Foreign Assets of China's main non-banking SOEs, 2010 (in Billion US-Dollars)⁵⁹⁶



⁵⁹² Karl P. Sauvants: New kid on the block learning the rules; in: EAST ASIA FORUM QUARTERLY, Vol.4 No.2 April-June 2012, p. 7

⁵⁹³ China 2030. Building a Modern, Harmonious, and Creative High-Income Society, p. 420

⁵⁹⁴ Derek Scissors: Chinese Outward Investment: Acceleration Features the U.S., Issue Brief No. 3656, July 9, 2012, Published by The Heritage Foundation, p. 4; see also Andreas Lunding: Chinesische Firmen auf dem Vormarsch. Investitionen chinesischer Firmen im Ausland, Deutsche Bank Research, 7. September 2006, p. 6

⁵⁹⁵ Andrew Szamoszegi and Cole Kyle: An Analysis of State-owned Enterprises and State Capitalism in China, U.S.-China Economic and Security Review Commission, October 26, 2011, pp. 87-88

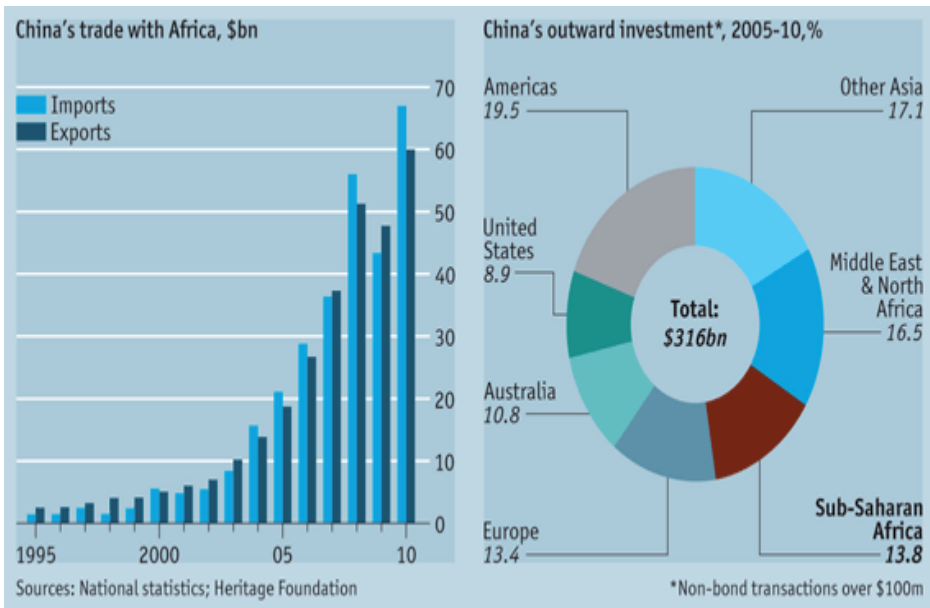
⁵⁹⁶ Andrew Szamoszegi and Cole Kyle: An Analysis of State-owned Enterprises and State Capitalism in China, p. 88

Super-exploitation of the semi-colonies

As we have seen above in Table 5 China's monopolies direct a significant proportion of its foreign investments to semi-colonial countries like Nigeria, Brazil, Indonesia, Iran, Kazakhstan, Greece or Venezuela. One can safely assume that a huge number of the estimated 800.000 foreign employees of Chinese corporations are located in semi-colonial countries.⁵⁹⁷

While it is true that China is still substantially behind the old imperialist powers in outward foreign direct investment stocks, its role in the semi-colonial countries is rapidly increasing. In 2010 China became the third-largest investor in Latin America behind the US and the Netherlands.⁵⁹⁸ China is also

Figure 76: China's Trade with Africa, 1995-2010 (Import and Export in Billion US-Dollars)⁵⁹⁹



⁵⁹⁷ David Shambaugh: Are China's multinational Corporations really multinational?; in: EAST ASIA FORUM QUARTERLY, Vol.4 No.2 April-June 2012, p. 7

⁵⁹⁸ Miguel Perez Ludeña: Adapting to the Latin American experience; in: EAST ASIA FORUM QUARTERLY, Vol.4 No.2 April-June 2012, p. 13

⁵⁹⁹ The Chinese in Africa: Trying to pull together. Africans are asking whether China is making their lunch or eating it; in: The Economist, Apr 20th 2011, http://www.economist.com/node/18586448?story_id=18586448

Africa's biggest trading partner and buys more than one-third of its oil from the continent.⁶⁰⁰ (See the two Figures 76 and 77)

Amongst other strategic investments like oil companies etc., Chinese monopolies focus on the control of centrally important infrastructure projects like ports. For example, China has already invested \$200 million in building a modern port in Gwadar in the Pakistan's South-Western province Baluchistan, whose national minority is severely suppressed by the Pakistan state (with the support of both US and Chinese money and weapons).⁶⁰¹

Another example is the take-over of Papua New Guinea's \$1.37 billion Ramu Nickel mine by the *China Metallurgical Construction Corporation* (MCC) – one of the largest and most profitable of China's state-owned enterprises – together with three Chinese steel companies. It is China's largest investment in the South Pacific. For the next 20 years it shall produce 31.150 tonnes of nickel and 3.300 tonnes of cobalt each year, which will be shipped to China.⁶⁰² Local communities resisted as good as possible against these projects because it devastates the area and poisons the water. The local Basamuk Bay is threatened to become the

Figure 77: China's Trade with East Asia and Sub-Saharan Africa (Share of Exports to China in %), 1990 and 2010⁶⁰³

	1990	2010
Developing East Asia		
Final manufactures	33	33
Parts & components	10	47
Raw materials	35	16
Sub-Saharan Africa		
Final manufactures	7	5
Parts & components	8	0
Raw materials	67	88

⁶⁰⁰ The Chinese in Africa: Trying to pull together. Africans are asking whether China is making their lunch or eating it; in: *The Economist*, Apr 20th 2011, http://www.economist.com/node/18586448?story_id=18586448; see also SA, not China, Africa's biggest investor: study, 23 July 2010, http://www.defenceweb.co.za/index.php?option=com_content&view=article&id=9049:san-not-china-africas-biggest-investor-study&catid=7:Industry&Itemid=116; Sanne van der Lugt, Victoria Hamblin, Meryl Burgess, Elizabeth Schickerling: *Assessing China's Role in Foreign Direct Investment in Southern Africa*, Oxfam Hong Kong and Centre for Chinese Studies 2011, pp. 68-74; UNCTAD: *Asian Foreign Direct Investment in Africa. Towards a New Era of Cooperation among Developing Countries* (2007)

⁶⁰¹ Robert D. Kaplan: *China's Port in Pakistan? China's dream of Indian Ocean ports – the so-called string of pearls – is heightening geopolitical tensions in a rough neighborhood*; *Foreign Policy*, May 27, 2011, http://www.foreignpolicy.com/articles/2011/05/27/chinas_port_in_pakistan

⁶⁰² Chris Richards: *Made in China*, in: *New Internationalist* No. 423 (June 2009), <http://www.newint.org/features/2009/06/01/keynote-china>

⁶⁰³ *China 2030. Building a Modern, Harmonious, and Creative High-Income Society*, p. 412

dumping area for 100 million tonnes of tailings from the Ramu mine over the next 20 years. This will destroy the living conditions for the local population.⁶⁰⁴

Similarly, China's state-owned shipping giant *Cosco* recently took over Greece's biggest port, Piraeus, which is also one of the most important ports in the Eastern Mediterranean region. Cosco signed a 35-year lease and paid \$4.2 billion for the rights. According to reports Cosco is seeking to transform Piraeus into a much larger port to rival Rotterdam in the Netherlands, which is currently the largest European port. It aims to double the traffic at Piraeus to 3.7 million containers by 2015. Cosco has also recently expanded in Italy, to the port of Naples.⁶⁰⁵

China's Military Forces

China is a rising power not only on the economic, but also on the political and military terrain. Between 2002 and 2011 China increased its military spending by 170%. According to the *Stockholm International Peace Research Institute* (SIPRI) it has today the world's second biggest military budget, surpassed only the USA. (See Table 59)

Table 59: The 10 largest military spender, 2011 (in billion of US-Dollar)⁶⁰⁶

<i>Country</i>	<i>\$Billions spent</i>
1. USA	711
2. China	143
3. Russia	71.9
4. UK	62.7
5. France	62.5
6. Japan	59.3
7. India	48.9
8. Saudi Arabia	48.5
9. Germany	46.7
10. Brazil	35.4

⁶⁰⁴ Ash Pemberton: Papua New Guinea: Resource colonialism bleeding people and nature, *Green Left Weekly* No. 949, December 9, 2012 <http://www.greenleft.org.au/node/53020>

⁶⁰⁵ Kelsie Brandlee: China Makes More Investments in Greece; Center for International Finance & Development, November 07, 2010, <http://uicifd.blogspot.com/2010/11/china-makes-more-investments-in-greece.html>; see also Nasos Mihalakas: Chinese 'Trojan Horse' – Investing in Greece, or Invading Europe? (Part I), January 15th, 2011, <http://foreignpolicyblogs.com/2011/01/15/chinese-%E2%80%98trojan-horse%E2%80%99-investing-in-greece-or-invading-europe-part-i/>

⁶⁰⁶ Stockholm International Peace Research Institute: Armaments, Disarmament and International Security, 2012, Summary, p. 9

Add to this that China is the worldwide fifth biggest nuclear power behind USA, Russia, Britain and France.⁶⁰⁷ China's military has rapidly modernized in the past decade and possesses serious military capacities for offensive wars. It recently proved its ability to shoot down satellites.

China is not only the second biggest military spender and the fifth biggest nuclear power; it is also home to big arms manufacturer. In its list, SIPRI names the Chinese arms monopolies as the fifth biggest competitors on the global armament market as we can see in Table 60.

The background for this drive to armament is that China as a new, emerging imperialist power is marked by a historic deficit: it is a late-coming imperialist power. This means that its surrounding areas are already in the sphere of influence of other hegemonial powers. To its North and West the rival is mainly Russia, while – and this is today the more important aspect – to its South and East it is the USA and Japan. This means China can only create its (semi-)colonial sphere of influence by openly confronting other Great Powers. In this respect its fate is not dissimilar to the historic situation of Germany in the late 19th and the first half of the 20th century which could only create its empire by challenging the existing Great Powers like France, Britain and Russia.

Table 60: The 10 largest Exporter of Major Arms, 2010 (share of global Market)⁶⁰⁸

<i>Country</i>	<i>Global Share (in %)</i>
1. USA	30
2. Russia	24
3. Germany	9
4. France	8
5. UK	4
6. China	4
7. Spain	3
8. Netherlands	3
9. Italy	3
10. Israel	2

⁶⁰⁷ Stockholm International Peace Research Institute: Armaments, Disarmament and International Security, 2012, Summary, p. 14

⁶⁰⁸ Stockholm International Peace Research Institute: Armaments, Disarmament and International Security, 2012, Summary, p. 13

The Struggle for Control over the South China (or East) Sea

China has a long agenda of imperialist goals for which it will need strong military forces. Amongst them is its long-time goal to re-conquer Taiwan by any means necessary. Another one is to ensure its dominance in its *mare nostrum*, the *South China Sea* (The Chinese call it like this, while Vietnam calls it *East Sea*). This sea is not only important for China but for the whole capitalist world economy: A quarter of the world's crude and half the world's merchant tonnage currently pass through its waters.⁶⁰⁹ The Chinese military strategist developed the concept of the two Island Chains – an area which they desire to dominate and control. As one can see, the first line – also called “nine-dashed line” – in fact claims the complete sea for China, leaving only the coast area for all other neighboring countries like Vietnam, Malaysia or the Philippines. The second line goes further and obviously clash's with powerful neighbors' interests, in particular imperialist Japan. (See Figure 78)

In addition to its importance for the world's maritime trade the South China (or East) Sea also contains large natural resources. It accounts for approximately 10% of the annual global fisheries catch, making it extremely important to the fishing industries of nearby countries.⁶¹⁰ China is the world's largest consumer and exporter of fish. For Vietnam the fishing industry is even more crucial. Seafood was its second biggest foreign exchange earner in 2010, accounting for 7% of its \$71.6 billion of exports. The fishing catch of Vietnam also provides close to half of the total protein intake of a significant portion of the population.⁶¹¹

The South China (or East) Sea is also important since large oil and gas resources are suspected there. Some already speak about a “*second Persian Gulf*”. Estimates about the size of the resource differ strongly. While a U.S. geological survey in 1993-1994 suggested 28 billion barrels of oil within the entire sea, some Chinese estimates have claimed around 105 billion barrels of oil within the Spratly Islands and the Paracel Islands. The Chinese ministry for land and resources estimates resources of 55 billion tonnes of oil and 20 trillion cubic metres of gas. While these are estimates, proven reserves have already been found. In 2006, the Canadian company Husky Energy working with the Chinese National Offshore Oil Corporation (CNOOC) announced a find of proven natural gas reserves of 4 to 6 trillion cubic feet.⁶¹²

One result of this is the lingering conflict with its neighbor countries like the Philippines, Taiwan, Vietnam and Malaysia about the control over the Spratly

⁶⁰⁹ Peter Lee: Maybe that war with China isn't so far off, Asia Times Online 22.12.2011, <http://www.atimes.com/atimes/China/ML22Ad05.html>

⁶¹⁰ International Crisis Group: Stirring up the South China Sea (I); Crisis Group Asia Report N°223, 23 April 2012, p. 1

⁶¹¹ International Crisis Group: Stirring up the South China Sea (II): Regional Responses; Crisis Group Asia Report N°229, 24 July 2012, p. 16

⁶¹² International Crisis Group: Stirring up the South China Sea (I), p. 1 and 25

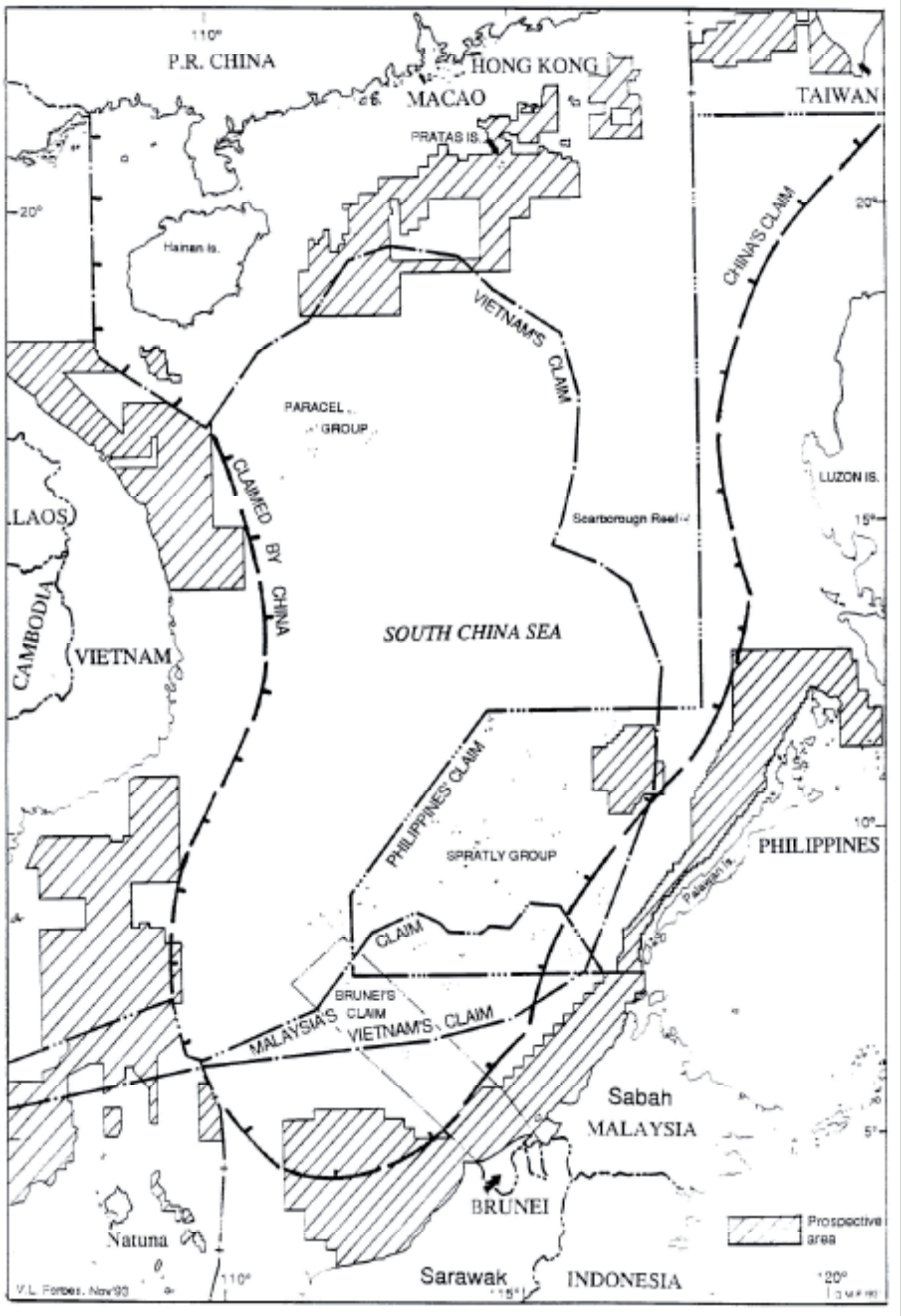
Figure 78: China's First and Second Island Chains in the Pacific Sea ⁶¹³



Figure 4: The First and Second Island Chains. PRC military theorists refer to two "island chains" along China's maritime perimeter. The First Island Chain includes Taiwan and the Ryuku Islands, the Second Island Chain extends from Japan to Guam.

⁶¹³ Office of the Secretary of Defense (USA): Military and Security Developments Involving the People's Republic of China 2012, May 2012, p. 40

Figure 79: Sovereignty Claims in the South China Sea ⁶¹⁴



⁶¹⁴ International Crisis Group: *Stirring up the South China Sea (II)*, p. 35

Islands but also other areas like the Paracel Islands. (See Figure 79) Every capitalist class wants to get a share as big as possible of the resources-rich sea.

It is only logical that, as a consequence of these conflicting interests, an arms race has started in the region. China – as we have shown above – has dramatically increased its military capabilities. But it isn't just China that is dramatically building its military; militarization is progressing in the whole Southeast Asian region. The defense budgets of China's neighbors have increased by about a third in the past decade. Arms imports to Indonesia, Singapore, and Malaysia rose by 84%, 146% and 722%, respectively, since 2000. The spending is mainly on naval and air platforms: surface warships, submarines with advanced missile systems, and long-range fighter jets. Vietnam recently spent \$2 billion on six state-of-the-art Kilo-class Russian submarines and \$1 billion on Russian fighter jets. Malaysia just opened a submarine base on Borneo.⁶¹⁵

Given the strategic importance of the Sea south of China, US imperialism is determined to stop its rival from controlling it. Until now the USA have built close alliances with regional states which enables it to control military bases in Japan, South Korea, Guam, Australia, Singapore or the Philippines.

Recently US Defense Secretary Leon Panetta held a speech on June 2nd 2012 at the eleventh annual Shangri-La Dialogue defense summit in Singapore. In it he emphasized that since the war in Iraq is over and U.S. troop levels are drawing down in Afghanistan, President Barack Obama approved a strategy shifting toward Asia last year. He called for the expansion of American alliances with "defense treaty partners" in the Asia-Pacific such as Australia, Japan, New Zealand, the Philippines, South Korea and Thailand. Hence the United States plans to position 60% of its navy in the region by 2020.⁶¹⁶

In one of its latest strategy documents the US Pentagon formulates its desire to keep its hegemonial status in the Pacific in the typical diplomatic words, which however should blind no one of the imperialist motives behind them:

*"Over the long term, China's emergence as a regional power will have the potential to affect the U.S. economy and our security in a variety of ways. Our two countries have a strong stake in peace and stability in East Asia and an interest in building a cooperative bilateral relationship. However, the growth of China's military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region."*⁶¹⁷

US secretary of state Hillary Clinton explained the rationale behind this strategy shift in autumn 2011 in an article with the symbolic title *America's Pacific Century*: Fitted in diplomatic phrases she nevertheless expressed clearly

⁶¹⁵ See Robert D. Kaplan: The South China Sea Is the Future of Conflict. The 21st century's defining battleground is going to be on water; in: Foreign Policy September/October 2011, http://www.foreignpolicy.com/articles/2011/08/15/the_south_china_sea_is_the_future_of_conflict?page=full

⁶¹⁶ Jim Garamone: Panetta Describes U.S. Shift in Asia-Pacific; American Forces Press Service, Singapore, 1.6.2012, <http://www.defense.gov/news/newsarticle.aspx?id=116591>

⁶¹⁷ US Department of Defence: Sustaining U.S. Global Leadership: Priorities for 21st Century Defense (2012), p. 2

the strategic interests of US imperialism to strengthen its hegemony over the Pacific region in order to increase the US monopolies' profits:

*"Harnessing Asia's growth and dynamism is central to American economic and strategic interests and a key priority for President Obama. Open markets in Asia provide the United States with unprecedented opportunities for investment, trade, and access to cutting-edge technology. Our economic recovery at home will depend on exports and the ability of American firms to tap into the vast and growing consumer base of Asia. Strategically, maintaining peace and security across the Asia-Pacific is increasingly crucial to global progress, whether through defending freedom of navigation in the South China Sea, countering the proliferation efforts of North Korea, or ensuring transparency in the military activities of the region's key players."*⁶¹⁸

To emphasize its claim of influence over the South China Sea, Hillary Clinton, declared in a speech at the ASEAN Regional Forum in Cambodia in July 2012, that the United States have a "national interest" in the affairs of the sea: *"As a Pacific nation and resident power, the United States has a national interest in freedom of navigation, the maintenance of peace and stability, respect for international law, and unimpeded lawful commerce in the South China Sea."*⁶¹⁹

Clinton's phrase *"defending freedom of navigation in the South China Sea"* is clearly directed against any hegemonial desire of China. Those with knowledge of history might remember that the slogan *"defending freedom of navigation"* was the traditional phrase of British colonialism to threaten war against any rivals.

Given Japan's military weaknesses government officials in Tokyo praised the US plan. A senior Japanese Defense Ministry official is quoted of saying: *"Deterrent power throughout the entire western Pacific will be stronger."*⁶²⁰

There should be no illusions about a peaceful settlement of the inner-imperialist rivalry of the Great Powers. An imperialist war between the great powers USA and China is increasingly becoming nearly unavoidable in the coming decade. Both powers need control over Eastern Asia which is central for world capitalist value production as well as trade.

The increasing rivalry between these two Great Powers is reflected in various books and articles from Western and Chinese bourgeois strategists who already expect a coming war. Robert D. Kaplan, a highly influential US strategist who was appointed by defense minister Gates to the advisory *Defense Policy Board*, has already published an article in 2005 with the programmatic title: *"How We Would Fight China"*. He warned: *"Given the stakes, and given what history teaches us about the conflicts that emerge when great powers all pursue legitimate interests, the result is likely to be the defining military conflict of the twenty-first century: if not*

⁶¹⁸ Hillary Clinton: America's Pacific Century. The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of the action; in: *Foreign Policy*, November 2011, http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century

⁶¹⁹ Hillary Rodham Clinton: Remarks to the ASEAN Regional Forum, Phnom Penh, Cambodia, July 12, 2012, <http://www.state.gov/secretary/rm/2012/07/194987.htm>

⁶²⁰ U.S. to expand marine bases in W. Pacific, The Yomiuri Shimbun, March 22, 2012, <http://www.yomiuri.co.jp/dy/national/T120321005812.htm>

*a big war with China, then a series of Cold War—style standoffs that stretch out over years and decades.”*⁶²¹

Michael Auslin, a scholar at the US right-wing *American Enterprise Institute*, recently stated that Beijing’s actions in the South China Sea have “*further inflamed tensions and made a negotiated settlement of the Asia-Pacific’s territorial disputes less likely*”.⁶²² Another author, writing in an Australian military establishment journal, comes to the conclusion that “*...systemic trends suggest that a future of great-power war in the Asia Pacific appears increasingly likely.*”⁶²³

Similarly, the imperialist think tank *International Crisis Group* warned in a study from July 2012:

*“The failure to reduce the risks of conflict, combined with the internal economic and political factors that are pushing claimants toward more assertive behaviour, shows that trends in the South China Sea are moving in the wrong direction. The risk of escalation is high, and as pressure in the region threatens to boil over, claimants would benefit from taking concrete steps toward the joint management of hydrocarbon and fishing resources, as well as toward reaching a common ground on the development of a mechanism to mitigate or de-escalate incidents, even if they cannot agree on an overall approach to dispute resolution. In the absence of such a mechanism, tensions in the South China Sea could all too easily be driven to irreversible levels.”*⁶²⁴

Of course, the enormous risks of such a war becoming nuclear do not go unnoticed. Hugh White, an influential Australian security expert, is fully aware of the potential risks of such a military conflict: “*Any conflict between the United States and China has a real chance of going nuclear.*”⁶²⁵

US strategist Paul Stares, who is closely connected with the Washington establishment, wrote recently in his preface to a study on US-China relations: “*If past experience is any guide, the United States and China will find themselves embroiled in a serious crisis at some point in the future.*”⁶²⁶ The same line is propagated by Max Hastings, an influential British journalist, who published in November 2011 an article with the characteristic title “*Will World War III be between the U.S. and China?*”⁶²⁷

⁶²¹ Robert D. Kaplan: How We Would Fight China; in: Atlantic Magazine, June 2005, http://www.theatlantic.com/magazine/archive/2005/06/how-we-would-fight-china/3959/?single_page=true

⁶²² Michael Auslin: A War Footing in the South China Sea? If Beijing thought that its new garrison would lead other nations to roll over, it has miscalculated. July 30, 2012, <http://online.wsj.com/article/SB1000087239639044405804577559100590929184.html>

⁶²³ Daryl Morini: Paradigm Shift: China’s Rise and the Limits of Realism; in: Security Challenges, Vol. 7, No. 1 (Autumn 2011), p. 111; <http://www.securitychallenges.org.au/ArticlePages/vol7no1Morini.html>

⁶²⁴ International Crisis Group: Stirring up the South China Sea (II): Regional Responses; Crisis Group Asia Report N°229, 24 July 2012, p. 34

⁶²⁵ Hugh White: Power shift: rethinking Australia’s place in the Asian century; in: Australian Journal of International Affairs Vol. 65, No. 1 (February 2011), p. 88

⁶²⁶ Paul Stares: Overview; in: Paul B. Stares, Scott A. Snyder, Joshua Kurlantzick, Daniel Markey, and Evan A. Feigenbaum: Managing Instability on China’s Periphery Council on Foreign Relations, Council on Foreign Relations 2011, p. 1

⁶²⁷ Max Hastings: Will World War III be between the U.S. and China? The Daily Mail, 26 November

Similarly the Stalinist-capitalist regime in Beijing is determined to get full control over the complete South China Sea. China's foreign minister gave a speech in 2011 in which he reminded the nations of South-East Asia that they are small, while China is very big.⁶²⁸

Global Times, the English-language paper of the *People's Daily* – the leading organ of the ruling party in China – which often acts as an international mouthpiece for the regime, threatened Vietnam openly with war in June 2011:

*"China has to send a clear message that it will take whatever measures necessary to protect its interests in the South China Sea. If Vietnam continues to provoke China in this region, China will first deal with it with maritime police forces, and if necessary, strike back with naval forces. China should clearly state that if it decides to fight back, it will also take back the islands previously occupied by Vietnam. If Vietnam wants to start a war, China has the confidence to destroy invading Vietnam battleships, despite possible objections from the international community. The US may add some uncertainty in the South China Sea. China will handle this carefully, and is not likely to engage in a direct confrontation with the US. China's rise has come at the cost of increasing strategic risks in the south. China will continue its dedication to peace and development, but it has to be ready to face confrontation and showdown. The provocation from Vietnam may become a touchstone."*⁶²⁹

However China's imperialist goals are not limited to East Asia. The Australian geopolitical journal *"Security Challenges"* pointed out recently:

*"Too frequently China's engagement with Africa is viewed ahistorically and as emanating purely from unadulterated economic motivations for resources and market access. Such reading ignores the way in which China's trade and quests for energy security are indicative of a broader strategic plan to challenge traditional Western domination within Africa and, ultimately, to create a credible alternative to the prevailing global order that aligns more closely with China's interests while simultaneously eroding the very foundations of Western global dominance."*⁶³⁰

To summarize, East Asia and the South China (or East) Sea is a region pregnant with military conflicts and wars. It can be the arena for the next inner-imperialist war – between the USA and China.

2011, <http://www.dailymail.co.uk/debate/article-2066380/Will-World-War-III-U-S-China.html>

⁶²⁸ See Max Hastings: Will World War III be between the U.S. and China?

⁶²⁹ China must react to Vietnam's provocation, *Global Times*, June 21, 2011, <http://www.globaltimes.cn/NEWS/tabid/99/ID/662453/China-must-react-to-Vietnams-provocation.aspx>. see also Robert Johnson: China Announces How It Would Go To War Against The US Fleet, *Business Insider*, Jun. 11, 2012, <http://www.businessinsider.com/china-announces-how-it-will-decimate-the-us-fleet-should-conflict-ever-break-out-2012-6>

⁶³⁰ Anna Samson: The Grand Weiqi Board: Reconsidering China's Role in Africa; in: *Security Challenges*, Vol. 7, No. 1 (Autumn 2011), p. 77

Where should the Working Class stand in possible Wars involving US and Chinese Imperialism and South-East Asian Nations?

As we noted above, emerging imperialist China claims control over the complete sea which would leave only a small sea strip in front of their coasts for all other neighboring countries. There have already been several armed stand-offs between Chinese and neighboring naval forces. At the same time – as we said – military conflicts between China and the USA are an increasing possibility. As part of this rivalry the US army is determined to “help” their semi-colonial allies like the Philippines thus raising the probability of proxy wars.

We therefore will see wars with complex and different interests. Lenin liked to quote the Prussian military theoretician Clausewitz who said that *“war is the continuation of politics by other means”*. If the USA goes to war it will be a continuation of its politics to keep its imperialist hegemony by other means. It will be a war to maintain the US’s imperialist super-exploitation of the semi-colonial countries in the regions. Similarly if China goes to war it will be a continuation of its politics to become one of the world’s major imperialist powers by other means. In this case it too will be a war to keep China’s imperialist super-exploitation of the semi-colonial countries in the regions.

What should be the approach of the working class in the countries concerned and globally? The *Revolutionary Communist International Tendency* (RCIT) wrote in its program – *The Revolutionary Communist Manifesto* – on imperialist wars:

“The Bolshevik-Communists fight everywhere against bourgeois militarism and imperialist war. We categorically reject the policy of the pacifists, social democrats and Stalinists appeals for disarmament, to UN mediation, peaceful coexistence between states and the promotion of nonviolent resistance. The rulers with their talking shops as the UN or its hypocritical international courts can never abolish war from the world. This can only be achieved by the working class and the oppressed peoples themselves through the uncompromising class struggle – including the armed struggle. That is why we advocate a military training of the working class one under its own control.

In imperialist wars, we reject any support for the ruling class. We advocate the defeat of the imperialist state. Our slogan is that of Karl Liebknecht: “The main enemy is at home”. Our goal is to transform the imperialist war into a civil war against the ruling class.

*In military conflicts between imperialist states and Stalinist degenerated workers states (such as Cuba or North Korea) or semi-colonial peoples and states, we call for the defeat of the former and for the victory of non-imperialist side. We defend the latter...”*⁶³¹

⁶³¹ Revolutionary Communist International Tendency (RCIT): *The Revolutionary Communist Manifesto*, published in 2012, p. 62; online on the RCIT website at www.thecommunists.net/rcit-manifesto

Thus as Bolshevik-Communists we reject taking the side of one of the two rivaling imperialist powers – the USA or China. It is a war of the respective ruling class to raise its hegemony and super-exploitation of the semi-colonial countries. The correct tactic therefore is revolutionary defeatism where workers in both camps raise the slogan “*The main enemy is at home*” and strive to turn the imperialist war into a civil war against their own ruling class.

It is a dangerous nonsense, indeed a deeply reactionary position, of many reformist and left-populist forces to consider China not as an imperialist but rather a “socialist” power. Such a support for China by “socialist” forces is equal to social-imperialism as we wrote in our *Manifesto*:

*“A dangerous development in the recent past is the open or semi-open support for the imperialist power China by (petty-) bourgeois forces who describe themselves as socialist. (E.g. a number of the Stalinist parties, Chavez and the Bolivarian movement) The working class has not the slightest interest to support a fraction of monopoly capital (e.g. China and its allies) against another (e.g. USA). The support of sections of reformism to the emerging Great power China is nothing more than “social imperialism” – that is an imperialistic policy disguised with social or even “socialist” phrases.”*⁶³²

Which position should the working class take in a military conflict between China (or the USA) with one of the smaller East Asian countries? Here we have to take into account the fact that countries like Vietnam, the Philippines, and Taiwan etc. are not imperialist powers. They are rather semi-colonial capitalist countries. In the case of Vietnam we should add that first the North and since the mid-1970s the whole country became a *Degenerated Workers State* ruled by a Stalinist bureaucracy. However, similar to China, this Stalinist bureaucracy undertook the restoration of capitalism in the 1990s. All these countries are ruled by a capitalist class. But these are not ruling classes which exploit other countries but which are rather dominated and exploited by imperialist powers. As we said in our program it is the Marxist principle to defend such semi-colonial countries against imperialist powers.

However it is not sufficient to state the Marxist principles on wars. In real life all forms of combinations, alliances, amalgamations of different interests etc. are possible and indeed are an important aspect of the class struggle. In formulating the correct revolutionary tactic Marxists have to fuse the application of the Marxist principles of the class approach to wars with a concrete analysis of every war in its peculiarity and totality.

Concerning the South China (or East) Sea this means the following: Countries like the Philippines or Taiwan have had close alliances with US imperialism for many decades – or more concretely they are semi-colonies of the USA. Given these facts it is quite possible that there can be a war for example between the Philippines and China as it nearly happened in the summer of 2012. Concretely in this case the Philippine military forces acted in closest accordance with the US armed forces. In such a war we would have formally an imperialist power

⁶³² RCIT: The Revolutionary Communist Manifesto, p. 21

(China) on one side and a semi-colonial country (Philippine) on the other side. However in fact it would be a proxy war in the case of the Philippines, i.e. they would act as an extension of US imperialism. Thus the working class should not rally to defend the Philippines but should take a position of revolutionary defeatism as they would do in an inner-imperialist war.

However not all wars in the region are necessarily proxy-war. Vietnam for example – whose people heroically defeated first Japanese, than French and finally US imperialism in its liberation wars in the 20th century – has a history of being bullied by China. One just needs to remember the reactionary assault of the Chinese Stalinist bureaucracy on Vietnam in co-ordination with US imperialism in 1979. In principle Vietnam has a right to use the East Sea for fishing no less than China. Its resistance is justified against being expelled from the Sea so that imperialist China can exploit it alone. Hence Bolshevik-Communists could take in such a war a revolutionary defensist position on the side of Vietnam and a defeatist position concerning China.

However, what we are outlining here are just examples and possibilities and no commitment for any possible future war. The truth is concrete, as Lenin liked to emphasize, and it is the utmost duty of all Marxists to study any future war concretely. The Marxists must deduce from such an analysis if the workers should rally to a revolutionary defensist position for the concerned semi-colonial country or if they should take a revolutionary defeatist position calling for the defeat on both sides.

To summarize, Marxists should analyze every war – in particular where it involves both imperialist and semi-colonial nations – concretely. They have to work out if the imperialist drive to subjugate a given (semi-)colonial nation is the dominant aspect in the war or if a just national defense struggle is subordinated to a proxy war for an imperialist power. From this follows whether the Bolshevik-Communists take revolutionary defeatist or a revolutionary defensist position concerning the struggle of the (semi-)colonial nation.

Why did China's Rulers succeed in becoming imperialist where others failed?

At the end of this chapter we want to deal briefly with a few theoretical questions on China's emergence as an imperialist power. The Chinese rulers were certainly not the only ones who attempted to become an imperialist power in the recent past. But they were more successful than others. Why? In answering this question it is of interest to compare China with another Great Power who too was a Degenerated Workers State till the early 1990s: Russia.

The Russians also tried to become an imperialist power and indeed they did succeed around the turn of the century. However despite the fact that the USSR was much more industrialized than China, possessed much a more developed machinery park, technology and skilled labor forces, despite all these advantages

China today is the much more powerful imperialist state. What is the reason for this?

Of course there are several reasons. But as we have elaborated here China's rise to an imperialist power has as its foundation its rapid economic growth. As Marxists we know that the one and only source of economic strength of a capitalist class is the amount of capitalist value it appropriates. This capitalist value is the product of one class – the proletariat. And the Chinese working class was forced to create an enormous amount of capitalist value in the past two decades which was the basis for the formation of Chinese monopolies, a whole class of capitalists and a massive amount of capital to export. As we have pointed out above the Chinese rulers were capable of what hardly any other capitalist class has achieved: *it subjugated its labor force in their majority to super-exploitation*. This super-exploitation was and is of course also profitable for the foreign corporations who produce in China's *Special Economic Zones*. But the Chinese capitalist class profited much more from this widespread super-exploitation since it appropriated a much bigger share of the produced surplus-value.

But why did the Chinese rulers succeed in this much more than the Russians? The answer can only be found in the *form* of the capitalist restoration process. Both in China and in Russia capitalism was restored in the early 1990s. Hence in both cases we saw social counter-revolutions. But the forms were very different. In China the Stalinist bureaucracy managed to brutally smash the working class and the youth with the massacre at the Tiananmen Square on 4th of June 1989 where they killed thousands of activists. After succeeding in this they could subjugate the working class, force on it the worst possible labor discipline (remember the draconic *hukou*-system), and hence squeeze out of it for many years without any interruptions massive volumes of capitalist value.

Compare this to the Russian rulers. The Stalinist bureaucracy there was in a weaker position against its working class. It had no Tiananmen Square massacre. When one wing of the ruling bureaucrats attempted a "Chinese solution" on 19th-21st August 1991 (the Yanayev coup) it failed. So while in China we saw a dictatorial form of capitalist restoration, in Russia we had a democratic counter-revolution under the leadership of the Yeltsin-wing of the Stalinist bureaucracy.

This difference in form was important and not accidental. In Russia we already had a number of class struggles before the August coup in 1991 (like the famous miner strikes). In addition there were a number of democratic and national liberation mass movements (in the Baltic, in the Caucasus etc.) Sure, these strikes and movements were not sufficient to stop the capitalist restoration, but they created huge rifts and divisions in the ruling Stalinist bureaucracy so that it split and was incapable to introduce a "Chinese solution".

Therefore the correct tactic for Marxists in these historic events was to combine the struggle for political revolution for working class power and against

capitalist restoration with the full support for the Chinese workers and youth uprising in 1989. In Russia in August 1991 the struggle for political revolution had to include the defense of the masses against a “Chinese solution” via the Yanayev coup and – after successfully defeated – to struggle against Yeltsin’s introduction of capitalism.

Let us deal briefly with another argument which is raised by the FLTI, an international current around the LOI-DO in Argentina.⁶³³ Would accepting the thesis that China has become imperialist imply that capitalism still has the potential to develop the productive forces and would this not be a refutation of Lenin’s theory of imperialism?⁶³⁴ Our answer is no. In fact such an argument betrays a lack of dialectical thinking.

First, Lenin explicitly stated that understanding the imperialist epoch as an epoch of decay does not preclude the rapid growth of capitalism for some time or in some countries. He wrote such in his book on imperialism:

*“Monopolies, oligarchy, the striving for domination and not for freedom, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations — all these have given birth to those distinctive characteristics of imperialism which compel us to define it as parasitic or decaying capitalism. More and more prominently there emerges, as one of the tendencies of imperialism, the creation of the “rentier state”, the usurer state, in which the bourgeoisie to an ever-increasing degree lives on the proceeds of capital exports and by “clipping coupons”. 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 (Britain).”*⁶³⁵

Indeed as we have shown in previous publications on the crisis of the capitalist world economy, global capitalism in its totality did stagnate and is now in a period of historic decline.⁶³⁶ But this is not a mechanical concept and does not

⁶³³ The FLTI is an organization with a number of sections in Latin America, but also in Zimbabwe. In addition it has activists in Libya and Syria which have participated in the revolutionary liberation struggle against the Gaddafi respectively the Assad regime. It combines a number of revolutionary positions with methodological ultraleft weaknesses like a tendency to reject the united front tactic.

⁶³⁴ Thus the FLTI polemicized against the CWG(A/NZ) and HWRS(USA): *“No doubt we are in front of revisionist currents, either in their catastrophist or pacifist variants, all of them, as we denounce, giving a picture of a progressive development in the capitalist mode of production in the planet, and which hold the persistence of free exchange, free competition and a healthy development of the productive forces. And we denounce them because they want convince us of the existence of a mode of production which has a long way ahead before it exhausts its potentiality in History, when we are actually witnessing the worse crises, wars and catastrophes of its history.”* See FLTI Majority Document on China as semi-colony of imperialism, February 20, 2010, <http://redrave.blogspot.com/2010/02/flti-majority-document-on-china-as-semi.html>

⁶³⁵ V. I. Lenin: Imperialism, the highest stage of capitalism, in: LCW 22, p. 300

⁶³⁶ See for example Michael Pröbsting: Vor einem neuen Wirtschaftsaufschwung? Thesen zum marxistischen Konzept des Zyklus, dem Verhältnis des gegenwärtigen Zyklus zur Periode

mean that each country in the whole world is in decline. Quite the opposite, as we have shown, the declining tendencies, the crises of profits in the main centers of world capitalism – the old imperialist monopolies – led to an increasing capital export and super-exploitation of the semi-colonial world. Of course the rapid growth in China and other so-called Emerging economies could not and cannot stop the decline of world capitalism. Only some fake Marxists and charlatans like people around the British grouplet *“Permanent Revolution”* could say that China is leading the world economy towards a long curve of upswing. This thesis was crushed by the depression in 2008/09 – the world's deepest recession since 1929 – from which capitalism has still not regenerated.

Furthermore one has to recognize that we have seen in the past decades a long-term decline of Japanese imperialism and later US imperialism. Western-European imperialism suffers also from important obstacles with its lack of a pan-European state apparatus and a unified economy. So there was enormous space for another potential power to develop and become imperialist.

Surely one must recognize the contradictory character of China's imperialism. As a new, emerging imperialism, coming from a country where the productive forces are still much less developed than in the old imperialist countries it certainly is still weaker than its rivals in a number of areas. It is only natural that it is much less developed than old imperialist powers which have 100 hundred years or more behind them. However it already has gained enormous strength as we have shown. In fact Chinese imperialism is a contradictory unit of advanced and backward elements in its economic development. It betrays a very mechanist thinking if one excludes the possibility of jumps in the development, including the economic development. In one of his best presentations of materialist dialectic Lenin emphasized that an essential characteristic of development both in nature as in human history are *“leaps”, the ‘break in continuity’, the ‘transformation into the opposite’, the destruction of the old and the emergence of the new’*.⁶³⁷ Are such jumps in the development really impossible if China possesses a most decisive advantage to its rivals: the super-exploitation of the majority of its working class?! We don't think so and indeed without a correct application of the materialist dialectic one cannot understand the development of China into an emerging imperialist power.

Finally we want to answer another concern: Is there not a danger that petty-bourgeois leftists in Western countries will exploit the Marxist assessment of China as an imperialist power and use this as justification for siding – open or

der Globalisierung sowie den Aussichten und Widersprüchen der künftigen Entwicklung der Weltwirtschaft (2010), in: *Revolutionärer Marxismus* 41, Februar 2010; Michael Pröbsting: World economy – heading to a new upswing? (2009), in: *Fifth International* Vol 3, No. 3; Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapitalismus (2009), in: *Revolutionärer Marxismus* 39; in English: Michael Pröbsting: Imperialism and the Decline of Capitalism (2008), in: Richard Brenner, Michael Pröbsting, Keith Spencer: *The Credit Crunch - A Marxist Analysis* (2008).

⁶³⁷ V. I. Lenin: *On the Question of Dialectics* (1915), in: *LCW* 38, p. 358

concealed – with their own Western bourgeoisie against the “inhuman tyrants” in Beijing. Indeed the mentioned FLTI accuse those who characterize China as imperialist as “*capitulating to Obama*”.⁶³⁸

To this we reply: It is true that the petty-bourgeois left in Western countries will readily support its “democratic” imperialism against China. We remember well how the social democrats, Stalinists and many centrists in the West sided with “their” bourgeoisie in the 1930s and 1940s against fascist Germany, Italy and Japan. In fact as long as rivalry between imperialist powers exists – i.e. as long as the imperialist epoch lasts – there will be imperialist powers who are rivals to the Western states. Does this mean that it would be wrong for revolutionaries in Western countries to deny the imperialist character of any rival of their “own” Western bourgeoisie?! Of course this would be nonsense.

No, the consequence for Bolshevik-Communists cannot be to deny the imperialist character of China. Why? Because we are proletarian internationalists, who start from the point of view of the *international* proletariat. For the workers in the Western imperialist countries – who by the way constitute only a small minority of the world working class of no more than 25% - the “*main enemy is at home*”. For the Chinese working class the main enemy is also “*at home*” – i.e. their own ruling class. And in the semi-colonial countries the working class has *several* – and not only one – foreign enemies: the USA, the EU, Japan, China and Russia.

The decisive issue which differentiates proletarian revolutionaries from petty-bourgeois leftists in Western countries is not if they do or do not recognize the imperialist character of China. It is far more *which conclusions they draw from this*. The Bolshevik-Communists in the West will never side with “their” bourgeoisie against the Chinese (or any other) ruling class. They will take a revolutionary defeatist position towards “their” bourgeoisie in any military conflict. They will continue the class struggle against the Western capitalist class under any circumstances and reject any joint front with Western “democratic” imperialism. The petty-bourgeois left on the other hand will capitulate to the pressure of “their” own bourgeoisie and support it against the Chinese rivals. The basis for consistent proletarian internationalism is a consistent defeatist political line of class struggle and not denying the reality of several, rivaling imperialist powers which exist in different parts of the world.

⁶³⁸ See for example: „*That is, they were even dissimulating while they posed that China was disputing the world to US as a hegemonic power; now they hold that position openly, so passing clearly to the side of the US with a defeatist position in front of the oppressed nation. Then and now, they are always in the same side as Obama, and confronting the interests of the international proletariat. (...) We are in the opposite barricade of the minority document of early November that capitulates to imperialism, and state that in the inter-imperialist wars we will never be for the defense of any imperialist country, even the weakest one, even if it has been occupied, even if its enemies try to put it on its knees.*” See FLTI Majority Document on China as semi-colony of imperialism, February 20, 2010

Chapter 11: The Theory of Permanent Revolution and its Program for the Working Class Struggle

The theory of Permanent Revolution was developed by Trotsky out of the experience of the Russian Revolutions in 1905 and 1917, the revolutionary events in the 1920s and the Chinese Revolution 1925-27. It helped overcoming weaknesses in Lenin's pre-1917 strategy of the *"revolutionary-democratic dictatorship of the proletariat and the peasantry"* which shared many aspects of Trotsky's concept but was algebraic and inadequate in various aspects.⁶³⁹

Trotsky's concept of Permanent Revolution is based on the dialectical concept that the revolution can not be divided schematically into stages which are separated from each other. This does not mean that there are not different stages in the development of the revolution. This is of course the case. But in all stages of the revolution it is one and the same class which must lead the struggle in order

⁶³⁹ Trotsky explained in his book „Permanent Revolution“, written in 1929, the historic weaknesses of Lenin's concept: *"In 1905, it was a question with Lenin of a strategical hypothesis still to be verified by the actual course of the class struggle. The formula of the democratic dictatorship of the proletariat and peasantry bore in large measure an intentionally algebraic character. Lenin did not solve in advance the question of what the political relationships would be between the two participants in the assumed democratic dictatorship, that is, the proletariat and the peasantry. He did not exclude the possibility that the peasantry would be represented in the revolution by an independent party – a party independent in a double sense, not only with regard to the bourgeoisie but also with regard to the proletariat, and at the same time capable of realising the democratic revolution in alliance with the party of the proletariat in struggle against the liberal bourgeoisie. Lenin even allowed the possibility – as we shall soon see – that the revolutionary peasants' party might constitute the majority in the government of the democratic dictatorship."*

Trotsky also concluded in the summary of the same book: *"Assessed historically, the old slogan of Bolshevism – 'the democratic dictatorship of the proletariat and peasantry' – expressed precisely the above-characterized relationship of the proletariat, the peasantry and the liberal bourgeoisie. This has been confirmed by the experience of October. But Lenin's old formula did not settle in advance the problem of what the reciprocal relations would be between the proletariat and the peasantry within the revolutionary bloc. In other words, the formula deliberately retained a certain algebraic quality, which had to make way for more precise arithmetical quantities in the process of historical experience. However, the latter showed, and under circumstances that exclude any kind of misinterpretation, that no matter how great the revolutionary role of the peasantry may be, it nevertheless cannot be an independent role and even less a leading one. The peasant follows either the worker or the bourgeois. This means that the 'democratic dictatorship of the proletariat and peasantry' is only conceivable as a dictatorship of the proletariat that leads the peasant masses behind it."* (Leo Trotzki: Die permanente Revolution, in: Leo Trotzki: Ergebnisse und Perspektiven. Die permanente Revolution; Frankfurt a. M., 1971, p. 23 respectively p. 159; in English: Leon Trotsky: The Permanent Revolution)

We have discussed Trotsky's concept of uneven and combined development as well as of the Permanent Revolution and the Stalinist/Maoist counter-arguments in our German-language book on the Arab Revolution. See Michael Pröbsting: Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes, pp. 19-25 and pp. 47-55. (The Half Revolution. Lessons and perspectives of the Arab Uprising, in: Der Weg des Revolutionären Kommunismus, Theoretisches Journal der Revolutionär-Kommunistischen Organisation zur Befreiung, RKOB), Nr. 8 (2011), <http://www.thecommunists.net/publications/werk-8>

to win the democratic as well as economic goals of the revolution: the working class. Naturally the working class must seek allies amongst the peasantry and the urban petty bourgeoisie. But it is the proletariat and only the proletariat which can lead the struggle to victory. The reason for this is that the peasantry and the urban petty bourgeoisie – regardless of their numerical size – are not classes that can act independently and therefore they can not play a leading role. They must rather subordinate themselves sooner or later under one of the two main classes of capitalist society - the proletariat or the bourgeoisie.

From this follows that in all stages of the revolution the strategic goal is to establish the dictatorship of the proletariat and not the power for any other class. While temporary blocs with sectors of the bourgeoisie can not be excluded, it would be criminal for the working class to subordinate its goals and interests in order not to wreck a potential alliance with such bourgeois forces. It would be even more criminal to support the taking of power by bourgeois forces. Every sector of the semi-colonial bourgeoisie will look for a compromise with imperialism and betray the working class and the popular masses.

The theory of permanent revolution assumes that if the revolution is not continued up to the socialist seizure of power, it will inevitably end with the victory of the ruling class and a counter-revolution. Similarly, the theory of Permanent Revolution considers that the revolution can not last victoriously in a single country (as Stalin claimed), but must be spread internationally. The modern economy especially in the age of global capitalism makes all countries dependent on the international exchange of goods, technology and knowledge. Moreover, sooner or later the imperialist powers would not tolerate a victorious revolution in a single country. Marxists therefore support the strategy of permanent revolution not because it is more radical or “exciting”, but because it represents the only realistic way to overcome the capitalist system and establish a truly socialist society.

Trotsky summarized the concept of the permanent revolution in the following way:

“Then wherein lies the distinction between the advanced and the backward countries? The distinction is great, but it still remains within the limits of the domination of capitalist relationships. The forms and methods of the rule of the bourgeoisie differ greatly in different countries. At one pole, the domination bears a stark and absolute character: The United States. At the other pole finance capital adapts itself to the outlived institutions of Asiatic mediaevalism by subjecting them to itself and imposing its own methods upon them: India. But the bourgeoisie rules in both places. From this it follows that the dictatorship of the proletariat also will have a highly varied character in terms of the social basis, the political forms, the immediate tasks and the tempo of work in the various capitalist countries. But to lead the masses of the people to victory over the bloc of the imperialists, the feudalists and the national bourgeoisie – this can be done only under the revolutionary hegemony of the proletariat, which transforms itself after the

*seizure of power into the dictatorship of the proletariat.”*⁶⁴⁰

The Program of Permanent Revolution in the semi-colonial countries contains numerous social, democratic and anti-imperialist demands and combine them with the question of power. In the following we present the most important demands for the revolutionary struggle in the semi-colonial world as we summarize them in the RCIT Program.

Free the oppressed peoples from the clutches of the banks and corporations!

* No further interest and debt repayment! Immediate and complete cancellation of all private and government debt!

* Cancel the debt of all semi-colonial countries of Latin America, Asia, Africa and Eastern Europe! Instead, the imperialist states must compensate the semi-colonial world for the plundering of their natural and human resources!

* Smash the IMF, World Bank and the WTO!

* No to protectionism in the imperialist countries against the commodities of poorer countries! Abolition of the NAFTA and the EU's common agricultural policy and similar protectionist weapons of imperialism! On the other hand, however, we defend the right of 'third world' countries to protect their markets from cheap imports from the imperialist countries.

* Nationalisation of the imperialist banks and corporations under workers' control!

* For an international emergency plan to rescue the starving and to fight against the consequences of climate change – funded from the profits of the banks and corporations in rich countries!

* For a plan to pay the semi-colonial countries repatriation for the century-long plundering by the imperialist powers! It must be financed by expropriating the wealth of the super-rich.

Against wage cuts, job insecurity and unemployment!

* No to any pay cut! For massive wage increases and a minimum wage, the amounts of which should be set by independent workers' committees!

* Fight insecure employment! Conversion of unprotected, informal and temporary contracts into permanent contracts, with alignment of the employment protection provisions and wages. The adherence of these should be regulated by collective tariff agreements and controlled by trade unions and workforce representatives!

* Fight all layoffs and plant closures! Expropriation without compensation of all enterprises that don't pay wages completely, that threaten with layoffs, that don't pay their taxes in full or threaten with closure or relocation of the site! In such cases: the entrepreneurs must be made to pay out of their private property!

⁶⁴⁰ Leo Trotzki: Die permanente Revolution, in: Leo Trotzki: Ergebnisse und Perspektiven. Die permanente Revolution; Frankfurt a. M., 1971, p. 136; in English: Leon Trotsky: The Permanent Revolution

Continuation of these companies as public companies under the management of the employees!

* Cut the working hours now! We support any reduction in working hours. The aim must be the division of labour on all hands. This means that everyone should have a job and work less hours at unchanged wages!

Fight inflation! For the adjustment of wages to inflation!

For price control committees!

* Fight inflation! For automatic adjustment of wages and all social benefits and pensions to match price increases!

* For the control of prices through price monitoring committees, elected by the workers, housewives and -men as well as consumers! The basis should be a cost of living index, which is determined by representatives of the working class, the peasants and small traders.

* Nationalisation of assets in commodity trading at the stock markets and the abolition of the stock market!

An end to the “business secret”! For workers’ control!

For a public employment programme!

* Open the books – bookkeeping, bank accounts, tax returns, etc.! Inspection by accountants who enjoy the trust of the workers!

* For workers inquiry committees for comprehensive detection of corruption between companies and between companies and government agencies!

* For the control and the veto right of the workers against all decisions of the management! Against any participation of workers representatives in management positions!

* For a public employment programme to improve infrastructure (energy supply, public transport, education and child care, etc.), to take action against climate change, etc. This programme must not be subject to state control of bureaucrats, but must be planned and controlled by the workers and oppressed people. It is to be paid out of profits and the assets of the super-rich.

No division – Joint fight, regardless of nation, and location!

* Instead of divisions – joint struggle of workers in different locations in multinational corporations! For joint, transnational collective bargaining of trade unions within a multinational corporation! Equal pay for equal work in multinational corporations – raising the salary to the top level! Joint workers organisations in multinational companies! For joint workers’ control over the corporation!

* No to outsourcing and relocation without the consent of the workers! Instead of the conflict between wage labourers of different nationalities about the same job: Equal pay and division of labour on our hands! Full alignment of the collective agreements and employment rights for employees of subcontractors

to the level of the general contractor!

* Joint struggle of the unions across the nation-state boundaries for an increase in working and living conditions!

No more tax breaks for the rich! Expropriate the super rich!

* Abolition of all indirect taxes such as VAT!

* Massive reduction in taxes on wages! Drastic increase in taxes on profits and speculation! Elimination of tax loopholes for businesses! Immediate recovery of outstanding tax debts of the companies!

* For the confiscation of property of the powerful and influential families and their utilisation in the context of a national economic plan! For the expropriation of the super rich!

* Nationalisation of banks, large corporations and in wholesale trade and transport, social, health, education and communication areas, without compensation under workers' control!

* Stop the tax evasion of capitalists by moving their wealth to other countries! Complete expropriation of all companies associated with fake companies! Abolish all opportunities for multinational corporations, to move their profits and losses within the business group across countries for the purpose of tax benefits!

* Confiscation of capital in the so-called tax havens! Use it to combat environmental degradation, hunger and poverty in the semi-colonial countries!

Revolutionary Struggle for Democracy

* For a revolutionary Constituent Assembly! Such a Constituent Assembly should not be called by a bourgeois government, but by a revolutionary government of workers and peasants' councils.

* Down with the monarchies and dictatorships! For the elimination of Bonapartist institutions such as a Military Council or National Security Council, a second parliamentary chambers, the presidency, etc.

* In the struggle against dictatorships, and also against the corrupt "democracies" we advocate a radical purge of the state apparatus! For the complete screening of all state officials and their actions - especially police, army, intelligence, administration, legal, enterprise directors, etc. - under the control of councils!

* Defence of the right to strike, freedom of speech and assembly, freedom of political and union organising, as well as the freedom to make use of all communication and information media!

* Radical democratisation of the administration and jurisdiction: election and possibility to recall the entire administrative apparatus by the people! Trial by jury for all crimes and misdemeanours! Abolition of judicial office and replacement by jurisdiction by a jury under the advice of legally qualified experts!

* For the extension of local self-government!

* No to the police and surveillance state! Against expanding the powers of police and courts! For the replacement of the apparatus of repression by workers' and people's militia!

Support the national liberation struggles of oppressed peoples!

* Equal rights and equal pay! Full citizenship rights for all persons belonging to national minorities!

* For a public employment and education programme under the control of representatives of national minorities and the workers movement - paid for by the capitalists profits!

* For the abolition of the official state languages! Equal treatment and equal supply of languages of national minorities in the schools, courts, public administration and in the media!

* For extensive regional autonomy and self-government of regions with specific national composition! Defining the borders of self-governing territories by the local population themselves!

* No to the nationalism of the (petty-)bourgeois forces in the oppressed nations! Against the policy of isolation of communities from each other and for the closest possible union of workers of different nationalities!

* For the right to self-determination of oppressed peoples including the right to form their own state, if they wish so! Wherever oppressed people have already clearly stated their desire for a separate state, we support this and combine this with the slogan for a workers 'and peasants' republic. This applies for example for a socialist Tamil Eelam, a united Ireland, a united Kashmir, an independent Kurdistan, Chechnya, Tibet, etc.

* Unconditional support for the liberation struggle – including in its armed form!

Fight against the super-exploitation and national oppression of migrants!

* Full citizenship rights and abolition of all special laws for all migrants – regardless of nationality, race, religion or nationality! Equal pay for equal work!

* For the right to stay and immediate legalisation of all illegal migrants and asylum seekers! Right of asylum for those fleeing war, oppression and poverty in their countries! Open borders for all!

* Fight the incitement against Muslims. For the right to free exercise of religion – including the right to build mosques and the right of Muslim women to wear a veil (scarf, burqua etc.) wherever they want! Similarly, we say: No one must be forced against her or his will to follow religious guidelines (such as the wearing of a headscarf)! The same applies e.g. for the wearing of the Dastar of the Sikhs.

* For the abolition of the official state languages! Equal treatment and equal supply of languages of migrants in the schools, courts, public administration

and in the media! Free and voluntary offer for all to learn the languages of other national groups in the country!

* Local self-government of areas with a high proportion of migrants! Special consideration to the wishes of migrants in defining the borders of self-governing regions! Financial support by the state!

* For a revolutionary movement of the migrants as part of the 5th Workers International! For the right of caucus for migrants in the unions and the organizations of the workers' movement!

Save our planet from the capitalist climate catastrophe!

* Nationalisation under workers' control of all energy companies and all companies that are responsible for basic supplies such as water, agriculture and airlines, ship and rail facilities!

* For an emergency plan to convert the energy and transport system and for a global phasing out of fossil fuels and nuclear energy production connected to a public employment programme! For the massive exploration and use of alternative forms of energy such as wind, tidal and solar power! For a global reforestation program of the woods! Radical expansion of public transport to push back individual car traffic!

* Prohibition of genetic manipulation and hazardous chemicals in agriculture! Abolition of the hybrid culture system!

* Force the imperialist corporations and states, to pay compensation to the semi-colonial countries for the environmental destruction caused by them! No emissions trade and "ecological points" system!

* Abolition of commercial secrecy in clean technology and energy sectors! Bring together the knowledge for the creation of effective alternatives!

Jobs and housing for the poor in urban slums!

* For a public employment programme under the control of representatives of slum dwellers and the workers' movement - paid for by the capitalists profits! For a large-scale state investment programme for the development of housing, energy, sanitation and waste management, hospitals and schools, roads and public transport!

* For the formation of local committees of action and self-defence units of the slum dwellers!

The land to the peasants! Organise the agricultural workers!

* Immediate ban on the purchase of land by multinational corporations and hedge funds! Immediate confiscation of all non-agricultural used land owned by large landowners! Abolition of all patents of capitalist monopolies in agriculture!

* For the expropriation of the big landlords, the church and the multinationals! For the nationalisation of the land under the control of workers and poor

peasants! The land to those who cultivate it! The local democratic actions council representatives of the poor and landless peasants have to decide the question of the allocation and use of the land! Promotion of voluntary agricultural cooperatives and the formation of larger state production units!

* Debt cancellation and abolition of rent for the peasants! Nationalisation of the banks! Interest-free loans for small peasants!

* For a radical change of direction in the agricultural economy. Away from the monoculture! For sustainable cultivation methods in agriculture! As much international transport of agricultural product as necessary to supply the world's population as necessary and as much supplies of agricultural goods on the spot as possible!

Joint struggle for women's liberation!

* An end to all forms of legal discrimination against women - whether in the workplace, in access to education or at the polls!

* Equal pay for equal work!

* Massive support for the conversion of part-time to full-time employment for women!

* For the massive construction of free, well-equipped 24-hour child-care facilities! For a wide range supply of affordable and high-quality public restaurants and laundry facilities! Our goal is the socialisation of housework!

* For a public employment programme to create the conditions for the socialisation of housework and simultaneously eliminate unemployment among women!

* Free access to free contraception and abortion on demand regardless of age and no matter in what month of pregnancy the woman is!

* Fight against violence against women! For the expansion of public women's safe houses, controlled by women's organisations! For the formation of self-defence units by the workers' and women's movement against sexist violence!

* Down with all laws and public campaigns on religious dress codes! For the right to wear religious clothing, independently whether it is a form of Muslim veiling, the Dastar of the Sikhs etc. is! But also against any compulsion to wear these garments!

* For the building of a revolutionary women's movement! For the right to caucus for women in the mass organisations of workers and oppressed!

Combat the sexual oppression of church and state!

* An end to the paternalism by the state and religious institutions: everyone should be able to realise his or her sexuality without coercion and regulations, as long as this takes place with the mutual consent of the partners.

* For wide-ranging possibilities to obtain high-quality and free contraceptives in pharmacies, at jobs and training sites!

* Complete equality for lesbian, gay and transgender people in the marriage law, right to have children, the public showing of their affection, etc.!

* No criminalisation of the sexuality of young people by statutory age restrictions! However, we are in favour of strict laws against rape and domestic violence, to protect children from abuse. Domestic violence perpetrators should be held accountable by neighbourhood and school committees.

An end to the oppression of young people!

* Equal pay for equal work! Prohibition of child labour! Full-fledged training programmes with full wage and guaranteed employment for young people instead of low-cost training programs!

* For the full right to vote, at least from 16 years on!

* For the development of a wide variety of youth centres, paid by the state and under self-management of the young people!

* For the building of a revolutionary youth movement! For the right to caucus for young people in the mass organisations of workers and oppressed!

Down with militarism and imperialist war!

* No money, no man and no woman for the bourgeois army! Democratic rights for the soldiers, for the building of soldiers' committees and the election of officers!

* For the military training under control of the workers' movement! For a workers' and people militia instead of the bourgeois army!

* Withdrawal from and dissolution of all imperialist military alliances (e.g. NATO, Partnership for Peace)! Disbandment of all U.S. and other imperialist military bases around the world!

* No to all imperialist wars and occupations (Afghanistan, Iraq, Chechnya, Chad, etc.)! For the defeat of the imperialists - for the victory of the resistance! Hands off Iran, Cuba, Venezuela and North Korea!

The arming of the working class and the oppressed! For a workers' government, based on the poor peasants and the urban poor!

* Nationalisation of banks and fusion into a single central bank, nationalisation of large companies, large wholesale trade and transport, social, health, education and communication sector without compensation and under workers' control! Introduction of a foreign trade monopoly!

* Expropriation of the capitalist class and especially the banks, corporations and speculators!

* For a workers' government, based on the poor peasants and the urban poor, on the basis of councils in the enterprises and neighbourhoods as well as armed militias; Their representatives are under the direct election and can be recalled by the workers and they receive not more than an average skilled workers salary!

Forward to the Fifth Workers International, the world party of socialist revolution!

Chapter 12: The Struggle against Imperialist Aggressions and Wars: The Programme of the early Communist International and the Fourth International

As we have shown in this book the epoch of imperialism is an epoch of enormous sharpening of contradictions between the classes and states. This is why it is an epoch which is marked by conflicts – including wars – between imperialist powers and semi-colonial countries (or until 1991 also Stalinist-ruled degenerated workers states) and also between rivalling imperialist powers.

In his famous book on imperialism, Lenin emphasized that “...an essential feature of imperialism is the rivalry between several great powers in the striving for hegemony...”.⁶⁴¹ This is – as Lenin pointed out – inherently related to the tendency of the imperialist powers to subjugate the colonial and semi-colonial people: “Imperialism means the progressively mounting oppression of the nations of the world by a handful of Great Powers.”⁶⁴²

For this reason, imperialist pressure, conflicts and wars are inevitable in this epoch, as Lenin stated repeatedly: “...sums up, as it were, modern monopolist capitalism on a world-wide scale. And this summary proves that imperialist wars are absolutely inevitable under such an economic system, as long as private property in the means of production exists.”⁶⁴³ And the conference of the Bolshevik Party in Bern in 1915 declared similarly: “Under capitalism, particularly in its imperialist stage, wars are inevitable.”⁶⁴⁴

However, Marxists don't put all wars in the same box. There are wars and wars. There are wars between rival oppressors and there are wars between oppressors and oppressed. Hence, there are reactionary, unjust wars and progressive, just wars. Marxists support those who wage a just war and fight against those who wage an unjust war.

Friedrich Engels and V.I. Lenin were big admirers of the Prussian military theorist Carl von Clausewitz, who summarized the essence of any military conflict by the famous words: “War is a mere continuation of policy by other means.”⁶⁴⁵ In his book *On War* Clausewitz stressed and elaborated this point:

“War is an instrument of policy; it must necessarily bear its character, it must measure with its scale: the conduct of war, in its great features, is therefore policy itself, which takes up the sword in place of the pen, but does not on that account cease to think

⁶⁴¹ V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 269

⁶⁴² V. I. Lenin: *The revolutionary Proletariat and the Right of Nations to Self-Determination* (1915); in: LCW 21, p. 409

⁶⁴³ V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 190

⁶⁴⁴ V. I. Lenin: *The Conference of the R.S.D.L.P. Groups Abroad* (1915); in CW 21, p. 162

⁶⁴⁵ Carl von Clausewitz: *Vom Kriege* (1832), Hamburg 1963, p. 22; in English: Carl von Clausewitz: *On War*, <http://www.gutenberg.org/files/1946/1946-h/1946-h.htm>

according to its own laws.”⁶⁴⁶

Translating this thoughtful words into the sphere of Marxist science, this means that the central question to determine the character of conflicts and wars is therefore to identify the political class interests of the classes which are participating in a given conflict or war. *For Bolshevik-Communists conflicts and wars are therefore a mere continuation of class struggles by other means.*

From such a class analysis of the participating classes follows the position which Marxists take in a given conflict or war. Our attitude is not determined in a given struggle between classes by whether it is being pursued by peaceful or military means. Reactionary goals are reactionary regardless of whether they are pursued with political, economic or military means. The same applies in reverse for progressive class interests.

Marxists were therefore never against war in principle but have distinguished between wars which serve the interests of the oppressed classes and those which only served the ruling classes. Wars between imperialist ruling classes or between reactionary ruling classes pursuing their anti-people interests are reactionary, unjust wars. The working class must oppose both camps and fight for the transformation of the imperialist war into a revolutionary civil war against the ruling classes. In wars between imperialist ruling classes and semi-colonial people or between reactionary ruling classes and oppressed classes or nationalities, such wars are unjust from the point of view of the imperialist/reactionary camp. But they are just wars from the point of view of the semi-colonial respectively oppressed people's camp.

i) Reactionary Wars and Conflicts between Imperialist States

The RCIT has summarized its position on imperialist wars in its programme in the following way:

*“In imperialist wars, we reject any support for the ruling class. We advocate the defeat of the imperialist state. Our slogan is that of Karl Liebknecht: “The main enemy is at home”. Our goal is to transform the imperialist war into a civil war against the ruling class.”*⁶⁴⁷

Hereby we have condensed the modern Marxist position on imperialist wars as it was elaborated by Lenin and the Bolsheviks at the beginning of the First World War. They consistently refused any form of support for the defense of the imperialist fatherland and stood for the defeat of their own ruling class. Because of this the Bolsheviks were often called “*porashenzy*” which means in Russian “defeatist”. Later the Bolshevik strategy against imperialist wars was termed “*revolutionary defeatism*”.⁶⁴⁸

⁶⁴⁶ Carl von Clausewitz: *Vom Kriege* (1832), Hamburg 1963, p. 221; in English: Carl von Clausewitz: *On War*, <http://www.clausewitz.com/readings/OnWar1873/Bk8ch06.html#B>

⁶⁴⁷ RCIT: *The Revolutionary Communist Manifesto*, p.62

⁶⁴⁸ For a closer look on the elaboration of the Bolshevik concept of defeatism we refer to a study which the author of these lines has published some years ago in German language: Michael Pröbsting:

The core idea of Lenin's approach was the struggle against the imperialist wars through the methods of the class struggle and the utilization of the crisis caused by the war for the revolutionary overthrow of one's own bourgeoisie. Hence the unequivocal stance for the defeat of one's own government in the war:

*"During a reactionary war a revolutionary class cannot but desire the defeat of its government. This is axiomatic, and disputed only by conscious partisans or helpless satellites of the social-chauvinists."*⁶⁴⁹

This approach was combined with the struggle for the socialist revolution. Hence the central slogan of the Bolsheviks was the "civil war":

*"The conversion of the present imperialist war into a civil war is the only correct proletarian slogan,"*⁶⁵⁰

Lenin explained: *"Our task is not to force the cannons to be silent, but rather to make them serve our ends."*⁶⁵¹

This approach was not driven by a desire for a particularly radical phrase. It was rather deduced from the insight that an imperialist war inevitably leads to the full exertion of all forces in the society and that a military defeat creates a grave crisis for the ruling class. In other words, an imperialist war poses the question: which class is ruling? Who decides, if the war is continued or not, if butter or cannons are produced, if peace is concluded or not? The experience of both World Wars – the creation of revolutionary situations in East- and Central Europe 1918-23 and in Greece, France and Italy 1944-45 – confirms this thesis of the Bolsheviks. Hence Marxists always emphasized that imperialist wars can lead to revolutions and revolutionaries must do everything in their power to lead the masses towards the conquest of power.

Lenin and Zinoviev formulated this thought in their book *"Socialism and War"* in 1915:

"The war has undoubtedly created a most acute crisis and has immeasurably increased the distress of the masses. The reactionary nature of this war, and the unblinking lies told by the bourgeoisie of all countries to conceal their predatory aims with "national" ideology are, on the basis of an objectively revolutionary situation, inevitably creating revolutionary moods among the masses. It is our duty to help the masses become conscious of these moods, deepen them and give them shape. This task finds correct expression only in the slogan: convert the imperialist war into a civil war; all consistently waged class struggles in wartime and all seriously conducted "mass-action" tactics inevitably lead to this. It is impossible to foretell whether a powerful revolutionary movement

Umwandlung des imperialistischen Krieges in den Bürgerkrieg. Die Strategie Lenins und der Bolschewiki; in: *Revolutionärer Marxismus* Nr. 40 (2009), pp. 58-94, <http://www.thecommunists.net/theory/lenin-und-der-imperialistische-krieg>

⁶⁴⁹ V.I. Lenin: *The Defeat of one's own Government in the Imperialist War* (1915); in: LCW 21, p. 275

⁶⁵⁰ V.I. Lenin: *The War and Russian Social-Democracy* (1914); in: LCW 21, p.34

⁶⁵¹ This is how Leon Trotsky quoted Lenin in a report from the Zimmerwald conference in September 1915; see Leon Trotsky: *The Work of the Zimmerwald Conference* (1915); in: *Lenin's Struggle for a Revolutionary International*, New York 1986, p. 331

will flare-up in connection with, during or after the first or the second imperialist war of the Great Powers; in any case it is our bounden duty to work systematically and unswervingly in this direction."⁶⁵²

While imperialist wars are thoroughly reactionary, civil wars as the war of the oppressed against the ruling class are highly progressive and deserve the full and unconditional support of every revolutionary, as Lenin and Zinoviev emphasized:

*"We regard civil wars, i.e., wars waged by an oppressed class against the oppressor class, by slaves against slaveholders, by serfs against landowners, and by wage-workers against the bourgeoisie, as fully legitimate, progressive and necessary."*⁶⁵³

The Bolsheviks concretized their strategy of transforming the imperialist war in a civil war in the following way:

*"The following should be indicated as the first steps towards converting the present imperialist war into a civil war: (1) an absolute refusal to vote for war credits, and resignation from bourgeois governments; (2) a complete break with the policy of a class truce (bloc national, Burgfrieden); (3) formation of an underground organisation wherever the governments and the bourgeoisie abolish constitutional liberties by introducing martial law; (4) support for fraternisation between soldiers of the belligerent nations, in the trenches and on battlefields in general; (5) support for every kind of revolutionary mass action by the proletariat in general."*⁶⁵⁴

Based on these principles, Marxists took a defeatist position in World War I in both imperialist camps – the Entente powers (Britain, France, Russia, USA) – and the Central Powers (Germany, Austria, Ottoman Empire). This means they put forward in all these countries the slogans of *"The main enemy is at home"*, *"Defeat of their own country is the lesser evil"* and the *"Transformation of the imperialist war into a civil war"*. During World War II, the Marxists – in the person of Trotsky and the Fourth International – took a similar position in the war between imperialist Germany and Japan on one hand and imperialist Britain, France and USA on the other hand. (In the war between imperialist Germany and the degenerated workers state USSR however, the Fourth International called for the defense of the later.)⁶⁵⁵

As we have described above such a position of revolutionary defeatism on both sides would also be the correct tactic in a possible war between imperialist Japan and/or USA on one side and imperialist China on the other side.

⁶⁵² V.I. Lenin/G. Zinoviev: Socialism and War (1915); in: LCW 21, p.313

⁶⁵³ V.I. Lenin/G. Zinoviev: Socialism and War (1915); in: LCW 21, p.299

⁶⁵⁴ V.I. Lenin: The Conference of the R.S.D.L.P. Groups Abroad (1915); in: LCW 21, p. 161

⁶⁵⁵ See e.g. Fourth International: Imperialist War and the Proletarian World Revolution; Manifesto adopted by the Emergency Conference of the Fourth International in May 1940; in: Documents of the Fourth International, New York 1973, <http://www.marxists.org/history/etol/document/fi/1938-1949/emergconf/fi-emerg02.htm>; Manifesto of the Fourth International: For Defense of the Soviet Union!, August 1941, Fourth International, New York, Volume II No. 8, October 1941, pp. 229-31, <http://www.marxists.org/history/etol/document/fi/1938-1949/ww/1941-ww02.htm>

ii) Just Wars and Resistance of the Oppressed

As we said above, there exist also other types of wars, wars between imperialist ruling classes and semi-colonial people or between reactionary ruling classes and oppressed classes or nationalities. In such wars, revolutionaries stand for the victory of the semi-colonial and/or oppressed people's camp respectively. The RCIT has summarized its position on such types of wars in its programme in the following way:

*"In military conflicts between imperialist states and Stalinist degenerated workers states (such as Cuba or North Korea) or semi-colonial peoples and states, we call for the defeat of the former and for the victory of non-imperialist side. We defend the latter, even if they are led by bourgeois (e.g. Saddam Hussein), petty-bourgeois (e.g. Hamas in Palestine, Taliban in Afghanistan) or Stalinist-bureaucratic (e.g. the Communist Party of Cuba) forces. At the same time we desire to break away the working class and the oppressed from these forces and to win them for an independent class policy through the application of anti-imperialist united front tactics. This means putting demands on the existing leaderships for a common struggle against imperialism under our own banners. This principled stance distinguishes authentic Marxism from the Social Democratic, Stalinist and centrist variants of pseudo-Marxism who usually either refuse in a war, to openly call for the victory of the oppressed peoples against imperialism or they confuse military support with political adaption to the semi-colonial regimes (e.g. the pro-Qaddafi left during the civil war in Libya 2011)"*⁶⁵⁶

Again, this is a condensation of the Marxist position as it was elaborated by Lenin and Trotsky. The whole history of mankind has seen such progressive, just wars. For example, the slave revolt of Spartacus against the Romans was progressive, as well as the peasant uprisings of Thomas Münzer or of the Hussites in the 16th century. For the same reason Marx and Engels supported the Northern states against the slave owners in the South in the American civil war in 1861-65 or the uprisings of the Poles against Russian Tsarism in 1830, 1846 and 1863. Lenin and Zinoviev wrote:

*"There have been in the past numerous wars which, despite all the horrors, atrocities, distress and suffering that inevitably accompany all wars were progressive, i.e., benefited the development of mankind by helping to destroy most harmful and reactionary institutions (e.g., an autocracy or serfdom) and the most barbarous despotisms in Europe (the Turkish and the Russian). That is why the features historically specific to the present war must come up for examination."*⁶⁵⁷

This also applies to wars of oppressed nations who fight against the imperialist powers and their stooges. Lenin wrote:

"National wars waged by colonies and semi-colonies in the imperialist era are not only probable but inevitable. About 1,000 million people, or over half of the world's population, live in the colonies and semi-colonies (China, Turkey, Persia). The national

⁶⁵⁶ RCIT: The Revolutionary Communist Manifesto, pp. 62-63

⁶⁵⁷ V.I. Lenin/G. Zinoviev: Socialism and War (1915); in: LCW 21, p. 299

*liberation movements there are either already very strong, or are growing and maturing. Every war is the continuation of politics by other means. The continuation of national liberation politics in the colonies will inevitably take the form of national wars against imperialism.”*⁶⁵⁸

Lenin and Zinoviev conclude from this that it is the highest duty for all Socialists to take the side of the oppressed in such wars:

*“By a ‘defensive’ war socialists have always understood a ‘just’ war in this particular sense (Wilhelm Liebknecht once expressed himself precisely in this way). It is only in this sense that socialists have always regarded wars ‘for the defence of the fatherland’, or ‘defensive’ wars, as legitimate, progressive and just. For example, if tomorrow, Morocco were to declare war on France, or India on Britain, or Persia or China on Russia, and so on, these would be ‘just’, and ‘defensive’ wars, irrespective of who would be the first to attack; any socialist would wish the oppressed, dependent and unequal states victory over the oppressor, slaveholding and predatory ‘Great’ Powers.”*⁶⁵⁹

It was in this same spirit that the Communist International in 1920 called the active support of the national liberation struggle as a duty of every revolutionary in the imperialist states:

*“A particularly explicit and clear attitude on the question of the colonies and the oppressed peoples is necessary for the parties in those countries where the bourgeoisie possess colonies and oppress other nations. Every party which wishes to join the Communist International is obliged to expose the tricks and dodges of ‘its’ imperialists in the colonies, to support every colonial liberation movement not merely in words but in deeds, to demand the expulsion of their own imperialists from these colonies, to inculcate among the workers of their country a genuinely fraternal attitude to the working people of the colonies and the oppressed nations, and to carry on systematic agitation among the troops of their country against any oppression of the colonial peoples.”*⁶⁶⁰

In a speech at the Fourth Congress of the Comintern in 1922, Trotsky stated: *“Every colonial movement, which weakens the capitalist rule in the metropolises, is progressive, because it makes the revolutionary tasks of the proletariat easier to achieve.”*⁶⁶¹

Faced with the lack of support for liberation struggles of the oppressed people by the centrists, Trotsky emphasized this principle of revolutionary anti-imperialism:

“The struggle against war and its social source, capitalism, presupposes direct, active, unequivocal support to the oppressed colonial peoples in their struggles and wars

⁶⁵⁸ V.I. Lenin: The Junius Pamphlet (1916); in: LCW 22, p. 310

⁶⁵⁹ V.I. Lenin/G. Zinoviev: Socialism and War (1915); in: LCW 21, pp. 300-301

⁶⁶⁰ Communist International: Conditions of Admission to the Communist International, approved by the Second Comintern Congress (1920); in: The Communist International 1919-1943. Documents. Selected and edited by Jane Degras, Volume I 1919-1922, p. 170

⁶⁶¹ Leo Trotzki: Auszug aus einer Rede zur französischen Frage auf dem IV. Weltkongreß der Kommunistischen Internationale (1922); reprinted in: Jakob Moneta: Die Kolonialpolitik der französischen KP, Hannover 1968, p. 22 (our translation)

against imperialism. A 'neutral' position is tantamount to support of imperialism." ⁶⁶²

Likewise, Trotsky explained unequivocally that the attitude of Marxist revolutionaries towards a war must not be derived from superficial appearances on the level of the political superstructure but must instead focus on the objective character of the classes involved. *It is important but not decisive for the formulation of the correct revolutionary tactic, if a given regime has a more democratic or a more fascistic character, if it is religious or secular, if it uses a more progressive rhetoric or not – what is decisive is its class character, i.e. which classes does it rest on and the which classes do its action serve and respectively strike against.* So taking the example of a war between a semi-fascist Brazil and a democratic Britain, Trotsky elaborated:

"I will take the most simple and obvious example. In Brazil there now reigns a semifascist regime that every revolutionary can only view with hatred. Let us assume, however, that on the morrow England enters into a military conflict with Brazil. I ask you on whose side of the conflict will the working class be? I will answer for myself personally—in this case I will be on the side of "fascist" Brazil against "democratic" Great Britain. Why? Because in the conflict between them it will not be a question of democracy or fascism. If England should be victorious, she will put another fascist in Rio de Janeiro and will place double chains on Brazil. If Brazil on the contrary should be victorious, it will give a mighty impulse to national and democratic consciousness of the country and will lead to the overthrow of the Vargas dictatorship. The defeat of England will at the same time deliver a blow to British imperialism and will give an impulse to the revolutionary movement of the British proletariat. Truly, one must have an empty head to reduce world antagonisms and military conflicts to the struggle between fascism and democracy. Under all masks one must know how to distinguish exploiters, slave-owners, and robbers!" ⁶⁶³

On the basis of these principles, Marxists always supported the liberation struggle of oppressed people even if they took place under the leadership of (petty-)bourgeois forces. Naturally they supported only the practical, military struggle without giving an inch of political support for those (petty-)bourgeois forces. Lenin, Trotsky and the Communist International called for the support of Turkey in its struggle against British imperialism and its Greek allies in the years after the end of WWI, despite the fact that Turkey was ruled by the bourgeois, anti-communist regime of Mustafa Kemal Pasha. They also supported the struggle of the Riffian Berbers under the leadership of Abd el-Krim in the 1920s against the Spanish and French imperialists drive to occupy their country. The French Communist Party (PCF) organized a militant anti-colonial mass campaign in solidarity with the Riffians – including a general strike on 12th October 1925. The PCF publicly expressed its support for the

⁶⁶² Resolution on the Antiwar Congress of the London Bureau (1936), in: Documents of the Fourth International, New York 1973, p. 99

⁶⁶³ Leon Trotsky: Anti-Imperialist Struggle is Key to Liberation. An Interview with Mateo Fossa (1938); in: Writings of Leon Trotsky 1938-39, p. 34

Riffians struggle until “*Moroccan soil was completely liberated*” from both Spanish and French imperialists.⁶⁶⁴

Leon Trotsky and the Fourth International continued this revolutionary anti-imperialism. They supported the struggle of the Chinese people against Japanese imperialism in the 1930s and 1940s despite the fact that it was led by the reactionary general Chiang Kai-shek. As we said, practical support for concrete steps against imperialism is obligatory for Marxists. This is relevant for all practical forms which hit the monopoly capitalists including – but not exclusively – military strikes. Hence the Trotskyists equally supported the nationalization of the British owned oil companies by the Mexican Cardenas government in March 1938. Trotsky characterized the expropriation as part of the national liberation struggle of a semi-colonial country: “*Semi-colonial Mexico is fighting for its national independence, political and economic. (...) Under these conditions expropriation is the only effective means of safeguarding national independence and the elementary conditions of democracy.*”⁶⁶⁵

In his balance sheet at the 90 year anniversary of the *Communist Manifesto* of Marx and Engels, Leon Trotsky stressed the duty of the proletariat in the imperialist countries to support the national liberation struggles in the oppressed countries:

*“‘The Communists,’ declares the Manifesto, ‘everywhere support every revolutionary movement against the existing social and political order of things.’ The movement of the coloured races against their imperialist oppressors is one of the most important and powerful movements against the existing order and therefore calls for the complete, unconditional, and unlimited support on the part of the proletariat of the white race. The credit for developing revolutionary strategy for oppressed nationalities belongs primarily to Lenin.”*⁶⁶⁶

This policy was later continued by Marxists when they supported national liberation struggles without identifying with the policy of its (petty-)bourgeois leaderships. To name only a few examples: one had to support the Algeria and the Vietnamese people’s struggle against the French imperialists as well as the Vietcong’s struggle against US imperialism.

In the war between semi-colonial Argentina and British imperialism on the Malvinas islands in 1982, our predecessor organization – the then revolutionary British group *Workers Power* – called for the defeat of British imperialism and the victory of Argentina. In the first Gulf War in 1991 we Bolshevik-Communists called for the defense of Iraq against the imperialist attack without giving any political support to the Saddam Hussein regime.⁶⁶⁷ Similarly we stand on the

⁶⁶⁴ Quoted in: David H. Slavin: The French Left and the Rif War, 1924-25: Racism and the Limits of Internationalism, in: *Journal of Contemporary History*, Vol. 26, No. 1, January 1991, p. 10; see also numerous documents from the PCF which are reproduced (in German language) in Jakob Moneta: *Die Kolonialpolitik der französischen KP*, Hannover 1968, S. 42-61

⁶⁶⁵ Leon Trotsky: *Mexico and British Imperialism* (1938), in: *Writings 1937-38*, p. 359

⁶⁶⁶ Leon Trotsky: *Ninety Years of the Communist Manifesto* (1937); in: *Writings 1937-38*, p. 25

⁶⁶⁷ See e.g. Michael Pröbsting: *Am Beispiel des Iraks: Anti-Imperialistische Strategie und Taktik*,

side of the Afghan resistance against the imperialist occupiers since 2001 despite being led by the reactionary Taliban forces.⁶⁶⁸ And so we did in Iraq in 2003 and after.⁶⁶⁹ And on the same basis of Marxist anti-imperialism we supported the Hezbollah-led resistance in Lebanon in 2006, the Hamas-led resistance in Gaza in 2008/09 and 2012 against Israel as well as the Islamist-led resistance in Mali against the imperialist invaders from France, the EU and their African allies.⁶⁷⁰

For the Destruction of the Apartheid State Israel!

The oppression of the Palestinian people by the Zionist state Israel is a very important question not only because of its actuality but also since it touches fundamental principles of Marxism. Let us therefore briefly elaborate the position of the RCIT on this question.

We have always supported the national liberation struggle of the Palestinian people. That is why in the struggle between the Palestinians and the Israeli state we are on the side of the former – despite our absolute rejection of the bourgeois and petty-bourgeois forces at the forefront of these struggles (like Hamas). All

ArbeiterInnenstandpunkt (October 1990); Michael Pröbsting: Kampf dem Imperialismus! Verteidigt den Irak!, in: ArbeiterInnenstandpunkt Nr. 32 (January 1991); Michael Pröbsting: Stoppt den imperialistischen Massenmord!, in: ArbeiterInnenstandpunkt Nr. 33 (February 1991); Workers Power (Britain): Working class action to defeat imperialism Victory to Iraq! (1991), <http://www.fifthinternational.org/content/working-class-action-defeat-imperialism-victory-iraq>;

⁶⁶⁸ See e.g. Workers Power (Britain): Questions & Answers on the Afghan war (2001), <http://www.fifthinternational.org/content/qa-afghan-war>; Michael Pröbsting: Die Lehren aus dem imperialistischen Sieg im Afghanistan-Krieg, in: ArbeiterInnenstandpunkt Nr. 118 (January 2002)

⁶⁶⁹ See e.g. Michael Pröbsting: Krieg den Kriegstreibern!, in: ArbeiterInnenstandpunkt Nr. 126 (March 2003); Workers Power (Britain): Iraq: resistance grows to occupation (2003), <http://www.fifthinternational.org/content/iraq-resistance-grows-occupation>;

⁶⁷⁰ See e.g. Michael Pröbsting: Der israelische Terrorkrieg gegen das libanesische und palästinensische Volk, in: ArbeiterInnenstandpunkt Nr. 144 (August 2006); Michael Pröbsting: Der Libanon-Krieg und die Linke: Pazifistische Linke als verkleidete Diener des Imperialismus, in: Revolutionärer Marxismus Nr. 36 (2006), <http://www.thecommunists.net/theory/libanon-krieg-und-linke>; Michael Pröbsting: Solidarität mit dem palästinensischen Widerstand, in: BEFREIUNG Nr. 172 (January 2009); Nina Gunić: Islamismus – Was sind seine Ziele und was ist unsere Haltung?, in: BEFREIUNG Nr. 173 (February 2009); Michael Pröbsting: Palästina: Solidarität und Widerstand, in: BEFREIUNG Nr. 188 (June 2010); RCIT: New Wave of Israeli Terror against Gaza: Support the Palestinian Resistance! Defeat the Zionist killing machine! Statement from 15.11.2012, <http://www.thecommunists.net/worldwide/africa/defend-gaza>; Johannes Wiener: Nach dem Waffenstillstand im Gaza: Friede in Palästina? 22.11.2012, <http://www.rkob.net/international/nordafrika-und-der-arabische-raum/gaza-friede>; RCIT: Down with France's Colonial War in Mali! Solidarity with the Resistance! Let's transform Mali into another Afghanistan for imperialism! Fight for a Workers Government based on the Peasants and Poor! For Socialist Revolution in North Africa and the Middle East! Resolution from 19.1.2013, <http://www.thecommunists.net/worldwide/africa/no-to-france-s-war-in-mali>; see also the remarks from the comrades of the *Fracción Leninista Trotskista Internacional* (FLTI) at <http://www.thecommunists.net/worldwide/africa/flti-remarks-on-mali-resolution> respectively http://www.democraciaobrero.org/Art%20aun%20no%20publicados/rcit/declaracion_mali.html; Speeches by Michael Pröbsting and Johannes Wiener at a protest rally on 25.1.2013 in Vienna: Victory to the resistance in Mali against the imperialist troops!, <http://www.thecommunists.net/multimedia-1/mali-rally-25-1-videos-and-pictures>

Palestinians must have the right to return to their homeland. Likewise, the land grab must be reversed and the Palestinians must get their land returned. The return of the displaced people of course means that the Palestinians will constitute the majority of the population.

This shows that Israel is not a “normal” capitalist class state. Its existence as a capitalist state is historically and indelibly intertwined with its existence as a colonial settler state, which can only maintain the expulsions and repression of the original Palestinian population by the means of apartheid and of direct terror. Israel is a capitalist state, whose essence is an indelible merger of class exploitation and national oppression. The abolition of class exploitation, therefore, can only go hand in hand with the abolition of national oppression, and vice versa, and this is possible only through the destruction of the State of Israel as a separate Jewish state. Although Israel is not an imperialist power like those in Western Europe, it is undoubtedly an exceptionally privileged capitalist state, which combines its role as a watchdog of the imperialist interests in the Middle East with the advancement of its own power interests.

We therefore reject the existence of a Jewish state in Palestine because it can only exist as long as the expulsion of the Palestinians continues to exist. Hence we reject a “two-state solution”. This would deny the Palestinians the right of return to their homeland. Likewise, a Palestinian state in the West Bank and Gaza would be reduced to a Bantustan, a dependent de-facto colony of the much richer and more powerful Israel. The State of Israel must be destroyed and be replaced by a secular, workers’ and peasant republic in the whole of Palestine – from the river to the sea. In this state, the Palestinians and all those Jews, who accept the elimination of their privileges in the apartheid state of Israel, can live together equally and peacefully.⁶⁷¹

⁶⁷¹ See on this – in addition to the articles mentioned before which we have published on the various Israeli wars in the last years – the following documents of our movement: MRCl: Theses on Zionism, Israel, Palestine and Arab nationalism (1989), in: Trotskyist International No. 2, <http://www.fifthinternational.org/content/theses-zionism-israel-palestine-and-arab-nationalism>; Michael Pröbsting: Zur Geschichte des Zionismus: Von Anfang an reaktionär, in: Israel, Zionismus und Antisemitismus. Eine Auseinandersetzung mit den Mythen und Legenden der Antinationalen (2006); Michael Pröbsting: Über den politischen Charakter der Antinationalen, den Holocaust, den Zionismus, in: Israel, Zionismus und Antisemitismus (2006), <http://www.rkob.net/marxistische-theorie/politischer-charakter-antinationale>; Michael Pröbsting: Der Verrat der ‚Linken‘ im Gaza-Krieg. Warum ist Neutralität im Kampf zwischen Unterdrückten und Unterdrückern Verrat und warum scheitern die meisten „marxistischen“ Linken an der Solidarität mit dem palästinensischen Volk, in: Unter der Fahne der Revolution Nr. 4 (2009), <http://www.thecommunists.net/theory/gaza-krieg-und-linke>; RKOB: After the storming of the Israeli embassy in Cairo: The struggle against the Israeli Apartheid State is an integral part of the Arab Revolution (2011), <http://www.thecommunists.net/worldwide/africa/israel-and-arab-revolution>; Johannes Wiener: Antinationale: Rassisten im „linken“ Gewand. Was bedeutet Zionismus, ist die Shoah einzigartig und was sind Antinationale? (2012), <http://www.rkob.net/marxistische-theorie/gegen-antinationale>. At this point it is useful to refer to the principled Marxist Antizionists in Israel in the *International Socialist League* around Yossi Schwartz who despite their small size and difficult working condition stood firm against the massive Zionist pressure. Their website can be viewed at <http://www.the-isleague.com>.

Excursus: Capitalism as a unity of economic, political and ideological Spheres

A precondition for a translation of the theory of permanent revolution into revolutionary tactics is a correct assessment of the concrete class composition of capitalist society in the age of modern imperialism. Faced with conflicts between imperialist powers and semi-colonial countries many centrist groups operate on the basis of an apparently Marxist, but in reality backward, unscientific understanding. Consciously or unconsciously *they reduce all political and military conflict in the modern class society to a single contradiction – namely those between capital and proletariat – and view this contradiction mainly from its economic side.* Such a view – which for example is typical for centrist organizations like the CWI or the IMT – really has nothing to do with Marxism and a lot with vulgar economism or, to put it in the words of Lenin, “*imperialist economism*”.

Such a wrong approach completely ignores the fact that capitalism as a social formation can only be understood in its totality – i.e. as the totality of the economic base and the political and ideological superstructure. It is an “*entire totality of the manifold relations of this thing to others*” – to borrow a phrase of Lenin.⁶⁷² Capitalism hence is a political and economic unity of the (class) opposites. It can only be understood as the totality of the economic relations of production and the political, social as well as the ideological superstructure. These different levels are mutually dependent and can only exist in mutual dependence. Capital and thus capitalism presupposes labor which is related to each other and hence is social labor. Therefore, capital can only exist if there is a social regulation and organization of the exchange of commodities and the valorization process of capital. Hence the importance of the state apparatus, laws etc. Furthermore capital can only exist if the workers – as value-creating commodity labor power – are constantly produced and reproduced, in other words if they can maintain their physical wellbeing to be able to work (eating, sleeping, etc.), recover regularly via social activities (leisure, family, etc.) and create new workers through the bearing and nurturing of children.

Karl Marx summarized these relationships in his famous preface to *A Contribution to the Critique of Political Economy*:

“The general conclusion at which I arrived and which, once reached, became the guiding principle of my studies can be summarised as follows. In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general

⁶⁷² V. I. Lenin: *Conspectus of Hegel’s Science of Logic* (1914); in: *Collected Works* Vol. 38, p. 220 (emphasis in the original)

process of social, political and intellectual life."⁶⁷³

As we said already in an earlier chapter, this is why Marx speaks of the *political economy*, not just the economy, and why Trotsky stated bluntly: "*Thus, pure economics is a fiction*". There could be no extraction of surplus value in the economic sphere if there would not also be a bourgeois state apparatus which ensures the according legal relationships and which intervenes, if necessary, with violent means. The imperialist bourgeoisie could not assert its interests in the world market if there would not be states which would secure their interests worldwide with political and military force if necessary (including by means of war and other acts of violence).

Maintaining the conflicting balance of society corroded by class antagonisms would be unthinkable without a finely woven, ideological web that binds the oppressed classes and strata to the ruling bourgeoisie and ensures that they accept to a certain extent their exploitation and oppression. Additionally, the capitalist mode of production itself creates commodity fetishism, i.e. against a background of an increasingly alienated form of work, the commodities produced by the working class itself are not seen as the product of their social labor and hence a social system of production, but are seen only as things which they have no power over.

Given the essence of the bourgeois social formation as the totality of capitalist economy and capitalist political and ideological superstructure, it follows that the class antagonisms of the capitalist order exist and appear at all these levels. Class struggle thus takes place not only on the enterprise level, but also on numerous political and democratic issues (e.g. questions of the constitution, suppression of the right to strike, increase of the surveillance power for the police, oppression of migrants or national minorities concerning their mother language, imperialist wars etc.) as well as on the ideological level (e.g. Anti-Islamic propaganda of the imperialist war-mongers, reactionary propaganda against women rights, against homosexuals etc.).

It is therefore very short-sighted, if imperialist economists like the CWI or the IMT reduce all conflicts to the scheme "Either A or B", i.e. they divide the world according to the rules of formal logic so that all those forces that do not belong to the proletariat, are automatically part of the other camp, the capitalists. With such a mechanistic, un-dialectical method these comrades ignore that capitalism can not be simply reduced to capital and proletariat. First the modern, imperialist capitalism knows – in addition to the capitalists and the proletariat – the peasantry, the urban petty bourgeoisie and the salaried middle class as well as all the numerous layers in between (the semi-proletarian layers etc.). Secondly, we also have in the imperialist countries a strong stratification within the proletariat: at one pole, the privileged labor aristocracy, and on the

⁶⁷³ Karl Marx: Vorwort zur Kritik der politischen Ökonomie (1859); in: MEW, Bd. 13, pp. 9-10; in English: Karl Marx: A Contribution to the Critique of Political Economy, Preface (1859); <http://www.marxists.org/archive/marx/works/1850/pol-econ/index.htm>

other pole the mass of the lower layers of the proletariat. Thirdly, one must not forget the division of the world into imperialist and semi-colonial countries, i.e. into oppressing and oppressed nations and thus the division into an imperialist bourgeoisie and a semi-colonial bourgeoisie and petty bourgeoisie.

Of course from this must not follow another deviation, a form of vulgar anti-imperialism, i.e. if one would support the bourgeoisie of the semi-colonial countries uncritically. The semi-colonial bourgeois quarrels with imperialism not out of a perspective of a classless society, but in order to strengthen its own position for the exploitation of the working class against the foreign bourgeoisie. Therefore, the correct anti-imperialist tactic in such cases can only be that communists support practical actions including military struggles of the semi-colonial bourgeoisie or petty-bourgeoisie when they are resisting imperialism. At the same time, we stress the need for the independent organization of the proletariat of each country. Also the anti-imperialist struggle must not be understood in isolation from the struggle for socialism. Rather, it can only be a real anti-imperialist struggle, if it is integrated from the beginning into the struggle for socialism. In other words, the struggle against imperialism must be integrated into the strategy of permanent revolution; it must be seen as the opening of a whole series of revolutionary upheavals up to the conquest of political power by the proletariat and the establishment of a planned economy.

iii) The Struggle for Class Independence and the Anti-Imperialist United Front Tactic

The intensification of the contradictions between the classes and between the oppressor and oppressed nations in the era of imperialism repeatedly provokes massive resistance from the working class as well as middle-class and sometimes even amongst bourgeois layers in the semi-colonial countries. Moreover, because of the weakness of the organized workers movement, it often happens that petty bourgeois or bourgeois forces constitute the leadership of national resistance movements. Indeed, this was the case in the times when Lenin and Trotsky lived and it is generally also the case today (see e.g. Iraq, Palestine, Afghanistan, Sri Lanka etc.). What tactical conclusions arise from this situation for Marxist revolutionaries?

Revolutionary tactics are derived from the *strategy of independent class struggle*. This means that we advocate the independent class interests and the independent organization of the working class. What is class independence? A clearly and scientific answer to this question is a prerequisite for the development of an appropriate tactic in the class struggle.

Class independence of the proletariat is first and foremost a political category and means the independence the working class from all petty-bourgeois and bourgeois influence and domination. Class independence means the

recognition of the need by the working class of unceasing class struggle against the bourgeoisie; the recognition that it can advance its interests only if it makes itself the leading force in the resistance of the popular masses; that it has to create a political party out of its own ranks instead of subordinating to alien class forces and that it must itself become the ruling class through the revolutionary overthrow of the capitalist rule and the creation of a global socialist society. Hence class independence means the struggle against all stooges of the bourgeoisie within the ranks of the workers movement – i.e. the reformist bureaucracy in the trade unions, in social democratic, ex-Stalinist and Stalinist parties – which hinder the working class in its struggle via numerous methods of appeasement, deception and open repression. Likewise, class independence means the political struggle against the bourgeois and petty bourgeois forces that are in the leadership of national resistance movements. The political nature of class independence must necessarily express itself in organizational forms. Therefore class independence means necessarily the struggle for the organization of the proletariat independent from the bourgeoisie and the bureaucracy, and therefore the building of grassroots movements in the unions, a revolutionary youth movement, and above all a revolutionary workers party nationally and internationally.

Class independence means for Marxists, as the pioneers of such independence, permanent war against the imperialist bourgeoisie and their stooges. The working class is a class exploited and oppressed by capital. It is therefore exposed to the bourgeois pressure in all areas of life (work place, media, school, etc.). Accordingly, the revolutionary organization must act as a vanguard of the class in order to fight this bourgeois influence at all levels – economic, political and ideological-theoretical.

Such a struggle for class independence includes the application of the united front tactic. Revolutionaries take into account that the masses still have illusions in non-revolutionary forces. When the revolutionaries advocate calls to advance the class struggle – with the formation of action councils, mass demonstrations, occupations, strikes, general strikes etc. – they direct these calls not only to the broad masses of the workers but also to the mass organizations of the class (including their leaderships). The leadership of these organizations must be actively addressed for joint actions. Given the extreme minority status of the revolutionary forces they must seek to participate in mass struggles led by reformists and intervene in these struggles with practical initiatives, a sharp and independent propaganda profile including explaining and warning of the treacherous role of the non-revolutionary leaderships and by putting demands on these leaderships. In doing this the revolutionaries must not give the impression that they themselves believe in the good intentions of the reformist leaders, but that they want to help the masses to make their own experience. The goal of such a united front tactic, as it was developed by the Communist International under Lenin and Trotsky, is to break the influence of the non-

revolutionary forces amongst the masses and to rally them under the leadership of a Bolshevik party.

In the semi-colonial countries and amongst the oppressed people this approach also includes the anti-imperialist united front tactic. This tactic usually focuses on the terrain of minimum or democratic demands – like the struggle against imperialist domination, for national independence and unity, for democracy and democratic rights, against the domination of the domestic industries and markets by imperialist monopolies etc. Revolutionaries seek to draw into such a united front not only the workers' organizations but also those of the petit-bourgeoisie (the peasantry, the small urban property holders, the professionals etc.) and even sections of the national bourgeoisie itself, where even the latter is compelled to resist imperialism by the pressure of the masses.

The possibility of applying the anti-imperialist united front tactic also to sectors of the semi-colonial bourgeoisie is based on the fact that it is – as we already outlined – “*a semi-ruling, semi-oppressed class*” (Trotsky).⁶⁷⁴ In other words there is a material basis for frictions between imperialism and sectors of the semi-colonial bourgeoisie which of course can only be of a temporary nature since against a fighting working class they will join forces.

Exactly because of its capitalist nature, the semi-colonial bourgeoisie has more in common with its big imperialist class brothers and sisters than with the working class in its own country. This is why they can be – at best – only a very temporary and unreliable ally in the struggle against imperialism which will soon stab the workers in the back.

Indeed, most often the petty-bourgeois or bourgeois forces will reject the calls for forming an anti-imperialist united front. Or if they agree to form such a front, they will sooner or later – rather sooner than later – betray it. This is however not an argument against the anti-imperialist united front tactic since this is a general characteristic of the united front tactic. Usually the reformist labor bureaucrats also resist forming united front's with revolutionary forces or they betray it very soon. Let us not forget that it was the social democratic government of Ebert and Noske which ordered the suppression of the Spartacus Uprising and led to the murder of Luxemburg and Liebknecht in January 1919. But Marxists do not pursue the united front tactic (including the anti-imperialist united front tactic) because they believe it is very likely that either the bureaucracy or the semi-colonial bourgeoisie would be loyal partners in such a united front. They rather do so because these forces often have control over mass organization or state institutions (like the army) in which many workers and peasants have illusions. In order to break such illusions, the bureaucracy and the semi-colonial bourgeoisie must be permanently “bombaraded” with demands for joint actions. Only in this way can these treacherous forces be tested in practice and hence the masses can be supported to shed their illusions by their own experience.

⁶⁷⁴ Leon Trotsky: *Not a Workers' and Not a Bourgeois State?* (1937); in: *Writings of Leon Trotsky 1937-38*, p. 70

Hence the goal of the anti-imperialist united front tactic is to advance the independent organization of the workers, peasants and oppressed in action councils or similar forms of soviet-like organization and to break them away from these (petty-)bourgeois leaderships and to win them for the perspective of the socialist revolution.⁶⁷⁵

As all united fronts, the anti-imperialist united front too, must be focused on agreements for practical actions and not joint political programs. And also similarly, the (petty-)bourgeois leaderships will in nine out of ten times refuse to form such a united front. This however does not rob the united front tactic of its importance. Calling these leaderships for joint actions remains an important tactic in order to show the masses our willingness for the joint struggle and to expose these leaders – if they fail to fight – in the eyes of the masses. Joining any practical struggle against imperialism and its reactionary accomplices is an important necessity even if it is led by (petty-)bourgeois forces and even if they refuse any collaboration with the revolutionaries. Only by this can revolutionaries prove to the masses that they are the best fighters for national independence, democracy etc. Only by this can they win the trust of the masses and finally break them away from the rotten leaderships.

The Communist International developed the anti-imperialist united front tactic in its *“Theses on the Eastern Question”* at its Fourth Congress in 1922. It emphasized the progressive nature of the struggle against imperialist domination – even if it takes place under the leadership of (petty-)bourgeois forces:

“The chief task which is common to all national revolutionary movements is to bring about national unity and achieve political independence. The real and logically consistent solution of this question depends on the extent to which such a national movement is able to break with the reactionary feudal elements and to win over the broad working masses to its cause, and in its programme to give expression to the social demands of these masses.

*Taking full cognizance of the fact that those who represent the national will to State independence may, because of the variety of historical circumstances, be themselves of the most varied kind, the Communist International supports every national revolutionary movement against imperialism. At the same time it does not forget that only a consistent revolutionary policy, designed to draw the broadest masses into active struggle, and a complete break with all adherents of reconciliation with imperialism for the sake of their own class domination, can lead the oppressed masses to victory.”*⁶⁷⁶

The Communist International stressed that Marxists must have no illusions in (petty-)bourgeois forces at the top of national liberation movements. They must apply the united front tactic in order to maximize the mobilization power and

⁶⁷⁵ We have summarized our understanding of the anti-imperialist united front tactic in the MRCI Theses: The anti-imperialist united front (1986); in: Permanent Revolution No. 5.

⁶⁷⁶ Communist International: Theses on the Eastern Question, 5 December 1922, Fourth Congress of the Communist International, in: Jane Degras: The Communist International 1919-1943. Documents Volume I 1919-1922, pp. 385-386

in order to weaken the influence of these leaderships.

*“The expediency of this slogan follows from the prospect of a prolonged and protracted struggle with world imperialism which demands the mobilization of all revolutionary elements. This mobilization is the more necessary as the indigenous ruling classes are inclined to effect compromises with foreign capital directed against the vital interests of the masses of the people. And just as in the West the slogan of the proletarian united front has helped and is still helping to expose social-democratic betrayal of proletarian interests, so the slogan of the anti-imperialist united front will help to expose the vacillation of various bourgeois-nationalist groups. This slogan will also promote the development of the revolutionary will and the clarification of the class consciousness of the working masses and put them in the front ranks of those who are fighting not only against imperialism, but also against the survivals of feudalism.”*⁶⁷⁷

However, we repeat that a pre-condition for this is the active participation of revolutionaries in these struggles as the most active fighters. Revolutionaries must join these struggles against imperialist dominations, for democratic rights, for national rights etc. where and as they concretely take place. They must not refuse participation in such movements because they are led by (petty-) bourgeois forces (as it is often the case today). Only with such an approach can revolutionaries break the influence of these leaderships and win the workers and oppressed for the class independent policy.

For these reasons communists and later Trotskyists participated in many national and democratic liberation struggles despite the fact that they were led by (petty-)bourgeois forces. In several cases these leaderships even tried to suppress and kill the communists by all means. For example, the Kemal Pasha leadership in Turkey or the Chinese Kuomintang.

Therefore, while Marxists sharply denounced such bourgeois leaderships they supported them insofar as they took concrete actions against the imperialist enemy. The Communist International and later the Fourth International of Trotsky refused a platonic anti-imperialism, i.e. an anti-imperialism which “in principle” supported a given semi-colonial country but refused to apply the united front tactic to the very concrete forces which were at the helm of these struggles. They opposed any political support for the bourgeois forces of a struggle against imperialism, but called for practical support and participation in these struggles even when it was under such bourgeois leaderships.⁶⁷⁸

The Soviet Union supported Turkey under Kemal Pasha in its struggle against British imperialism and its Greek allies. This policy was supported by the Communist International and also defended later by Trotsky. Trotsky also called for the critical but unconditional support of Chiang Kai-shek struggle against the Japanese invaders in the late 1920s and 1930s (despite the fact that

⁶⁷⁷ Communist International: Theses on the Eastern Question, p. 390

⁶⁷⁸ For an elaboration of the anti-imperialist united front tactic and a defense of their application by the Comintern and the Fourth International in German language see e.g. Michael Pröbsting: Am Beispiel des Iraks: Anti-Imperialistische Strategie und Taktik, ArbeiterInnenstandpunkt (October 1990)

the later murdered tens of thousands of communists in 1927!):

*“Quite so: as against imperialism it is obligatory to help even the hangmen of Chiang Kai-shek.”*⁶⁷⁹

The leader of the Fourth International sharply criticised those Ultra-leftists who refused to join an anti-imperialist struggle under a bourgeois leadership on the grounds that this would constitute a form of popular-frontism. He called revolutionaries in 1937 to participate and support the military struggle against Japan under the leadership of Chiang Kai-shek as long as they are not strong enough to replace him. He compared the necessary tactic for revolutionaries with those during a workers strike under the leadership of reformist, treacherous bureaucrats. It would be the duty of every class-conscious worker to join such a strike without supporting the bureaucrats politically. Trotsky’s attitude becomes clear from a document he wrote on the Chinese war against Japan in 1937 from which we quote here extensively:

“But Chiang Kai-shek? We need have no illusions about Chiang Kai-shek, his party, or the whole ruling class of China, just as Marx and Engels had no illusions about the ruling classes of Ireland and Poland. Chiang Kai-shek is the executioner of the Chinese workers and peasants. But today he is forced, despite himself, to struggle against Japan for the remainder of the independence of China. Tomorrow he may again betray. It is possible. It is probable. It is even inevitable. But today he is struggling. Only cowards, scoundrels, or complete imbeciles can refuse to participate in that struggle.

Let us use the example of a strike to clarify the question. We do not support all strikes. If, for example, a strike is called for the exclusion of Negro, Chinese, or Japanese workers from a factory, we are opposed to that strike. But if a strike aims at bettering — insofar as it can — the conditions of the workers, we are the first to participate in it, whatever the leadership. In the vast majority of strikes, the leaders are reformists, traitors by profession, agents of capital. They oppose every strike. But from time to time the pressure of the masses or of the objective situation forces them into the path of struggle.

Let us imagine, for an instant, a worker saying to himself: “I do not want to participate in the strike because the leaders are agents of capital.” This doctrine of this ultraleft imbecile would serve to brand him by his real name: a strikebreaker. The case of the Sino-Japanese War, is from this point of view, entirely analogous. If Japan is an imperialist country and if China is the victim of imperialism, we favor China. Japanese patriotism is the hideous mask of worldwide robbery. Chinese patriotism is legitimate and progressive. To place the two on the same plane and to speak of “social patriotism” can be done only by those who have read nothing of Lenin, who have understood nothing of the attitude of the Bolsheviks during the imperialist war, and who can but compromise and prostitute the teachings of Marxism. (...) But Japan and China are not on the same historical plane. The victory of Japan will signify the enslavement of China, the end of her economic and social development, and the terrible strengthening of Japanese imperialism. The victory of China will signify, on the contrary, the social revolution in Japan and the free development, that is to say unhindered by external oppression, of the

⁶⁷⁹ Leon Trotsky: *The Defense of the Soviet Union and the Opposition* (1929); in: *Writings 1929*, p. 262

class struggle in China.

But can Chiang Kai-shek assure the victory? I do not believe so. It is he, however, who began the war and who today directs it. To be able to replace him it is necessary to gain decisive influence among the proletariat and in the army, and to do this it is necessary not to remain suspended in the air but to place oneself in the midst of the struggle. We must win influence and prestige in the military struggle against the foreign invasion and in the political struggle against the weaknesses, the deficiencies, and the internal betrayal. At a certain point, which we cannot fix in advance, this political opposition can and must be transformed into armed conflict, since the civil war, like war generally, is nothing more than the continuation of the political struggle. It is necessary, however, to know when and how to transform political opposition into armed insurrection.

During the Chinese revolution of 1925-27 we attacked the policies of the Comintern. Why? It is necessary to understand well the reasons. The Eiffelites claim that we have changed our attitude on the Chinese question. That is because the poor fellows have understood nothing of our attitude in 1925-27. We never denied that it was the duty of the Communist Party to participate in the war of the bourgeoisie and petty bourgeoisie of the South against the generals of the North, agents of foreign imperialism. We never denied the necessity of a military bloc between the CP and the Kuomintang. On the contrary, we were the first to propose it. We demanded, however, that the CP maintain its entire political and organizational independence, that is, that during the civil war against the internal agents of imperialism, as in the national war against foreign imperialism, the working class, while remaining in the front lines of the military struggle, prepare the political overthrow of the bourgeoisie. We hold the same policies in the present war. We have not changed our attitude one iota. The Oehlerites and the Eiffelites, on the other hand, have not understood a single bit of our policies, neither those of 1925-27, nor those of today.

In my declaration to the bourgeois press at the beginning of the recent conflict between Tokyo and Nanking, I stressed above all the necessity of the active participation of revolutionary workers in the war against the imperialist oppressors. Why did I do it? Because first of all it is correct from the Marxist point of view; because, secondly, it was necessary from the point of view of the welfare of our friends in China. Tomorrow the GPU, which is in alliance with the Kuomintang (as with Negrin in Spain), will represent our Chinese friends as being "defeatists" and agents of Japan. The best of them, with Chen Tu-hsiu at the head, can be nationally and internationally compromised and killed. It was necessary to stress, energetically, that the Fourth International was on the side of China as against Japan. And I added at the same time: without abandoning either their program or their independence.

The Eiffelite imbeciles try to jest about this "reservation." "The Trotskyists," they say, "want to serve Chiang Kai-shek in action and the proletariat in words." To participate actively and consciously in the war does not mean "to serve Chiang Kai-shek" but to serve the independence of a colonial country in spite of Chiang Kai-shek. And the words directed against the Kuomintang are the means of educating the masses

for the overthrow of Chiang Kai-shek. In participating in the military struggle under the orders of Chiang Kai-shek, since unfortunately it is he who has the command in the war for independence—to prepare politically the overthrow of Chiang Kai-shek . . . that is the only revolutionary policy. The Eiffelites counterpose the policy of “class struggle” to this “nationalist and social patriotic” policy. Lenin fought this abstract and sterile opposition all his life. To him, the interests of the world proletariat dictated the duty of aiding oppressed peoples in their national and patriotic struggle against imperialism. Those who have not yet understood that, almost a quarter of a century after the World War and twenty years after the October revolution, must be pitilessly rejected as the worst enemies on the inside by the revolutionary vanguard. This is exactly the case with Eiffel and his kind!”⁶⁸⁰

We see that Trotsky continued the application of the anti-imperialist united front tactic. In his critique of the Stalinist Draft Programme for the Communist International, he defended such a tactic on a general basis:

*“It goes without saying that we cannot renounce in advance such rigidly delimited and rigidly practical agreements as serve each time a quite definite aim. For example, such cases as involve agreements with the student youth of the Kuomintang for the organization of an anti-imperialist demonstration, or of obtaining assistance from the Chinese merchants for strikers in a foreign concession, etc. Such cases are not at all excluded in the future, even in China.”*⁶⁸¹

He repeats this idea of a united front tactic even towards reactionary figures like Chiang Kai-shek:

*“By its absurd conditions, which serve to paint the bourgeoisie in bright colors in advance, the draft program states clearly and definitely (despite the diplomatic and incidental character of its thesis) that involved here are precisely long-term political blocs and not agreements for specific occasions concluded for practical reasons and rigidly confined to practical aims. But in such a case, what is meant by demands that the bourgeoisie wage a “genuine” struggle and that it “not obstruct” the workers? Do we present these conditions to the bourgeoisie itself, and demand a public promise from it? It will make you any promises you want! It will even send its delegates to Moscow, enter the Peasants’ International, adhere as a “sympathizing” party to the Comintern, peek into the Red International of Labor Unions. In short, it will promise anything that will give it the opportunity (with our assistance) to dupe the workers and peasants, more efficiently, more easily, and more completely to throw sand in their eyes -- until the first opportunity, such as was offered in Shanghai.”*⁶⁸²

On the basis of such an understanding of the united front tactic in order to break their basis away, Trotsky considered even an entry tactic into such bourgeois mass parties with an active rank and file of workers as a principled possibility for revolutionaries. While he sometimes was not sure if the entry

⁶⁸⁰ Leo Trotzki: Über den chinesisch-japanischen Krieg (1937), in: Schriften 2.2, pp. 865-867; in English: Leon Trotsky: On the Sino-Japanese War (1937), <http://marxists.org/archive/trotsky/1937/10/sino.htm> (Emphasis in Original)

⁶⁸¹ Leon Trotsky: The Third International After Lenin (1928), New York 1970, p. 168

⁶⁸² Leon Trotsky: The Third International After Lenin, pp. 169-170

tactic of the Chinese Communist Party in the Kuomintang in the early 1920s has been right or wrong from the beginning, he certainly was not in principle against such tactics. Such he wrote:

"The participation of the CCP in the Guomindang was perfectly correct in the period when the CCP was a propaganda society which was only preparing itself for future independent political activity, but which, at the same time, sought to take part in the ongoing national liberation struggle." ⁶⁸³

He repeated his support for the principled character of such an entry tactic several times: *"The temporary entry into the SFIO, or even the Kuomintang, is not an evil in itself; however, it is necessary to know not only when to enter, but also how to leave."* ⁶⁸⁴

The Trotskyists tried – with their limited forces – to put the anti-imperialist united front tactic into practice. Ch'en Pi-lan, a leading Chinese Trotskyist and the wife of the most prominent Trotskyist leader in China, Peng Shu-tse, reports that the Chinese section of the Fourth International decided at a conference in 1937 to *"support the armed struggle being waged by the Kuomintang government against Japanese imperialism. Accompanying this was a criticism from the political point of view of the government's reactionary policy."* ⁶⁸⁵

Gregor Benton reports in his study on the Chinese Trotskyists how they tried to enter the ranks of the official army and to participate in the anti-Japanese struggle and to build revolutionary cells at the same time. They even formed guerilla units during the war. A leading cadre of Chinese Trotskyists, Wang Fanxi, reports the same. Needless to say, that all this was conducted under the most difficult circumstances and with heavy losses. ⁶⁸⁶

Our understanding of anti-imperialism finds a clear expression in the Communist International's condemnation of all those pseudo-Marxists who refused to support a concrete struggle against imperialist forces led by (petty-) bourgeois forces with the argument that this would be in contradiction with class independence: *"The refusal of the communists in the colonies to take part in the struggle against imperialist tyranny, on the ground of the ostensible 'defence' of their independent class interests, is opportunism of the worst kind, which can only discredit the proletarian revolution in the East."* ⁶⁸⁷

⁶⁸³ Leon Trotsky: Die Kommunistische Partei Chinas und die Guomindang (1926); in: Schriften 2.1, p. 104; in English: Leon Trotsky on China, New York, 1976, p. 114

⁶⁸⁴ Leon Trotsky: Against False Passport in Politics (1935); in: The Crisis in the French Section (1935-36), New York 1977, p. 116 (Emphasis in original). See also Leo Trotzki: Brief an Harold Isaac (1.11.1937); in: Schriften 2.2, p. 889 and Leon Trotsky: The Opposition's Errors – Real and Alleged (1928); in: Leon Trotsky: The Challenge of the Left Opposition (1928-29), p. 90

⁶⁸⁵ Ch'en Pi-lan: Looking Back Over My Years with Peng Shu-tse; in: Peng Shu-tse: The Chinese Communist Party in Power, New York 1980, p. 37

⁶⁸⁶ Gregor Benton: China's Urban Revolutionaries. Explorations in the History of Chinese Trotskyism, 1921-1952, New Jersey 1996, pp. 81-84. Wang Fanxi: Erinnerungen eines chinesischen Revolutionärs 1919-1949, Frankfurt a.M. 1983, pp. 256-286

⁶⁸⁷ Communist International: Theses on the Eastern Question, p. 389

iv) Liberation Struggles, Imperialist Interference and the Dual Military Tactics

History has shown that liberation struggles in semi-colonial countries against domestic reactionary forces or foreign imperialists can face the problem of imperialist interference. In the following we will give a brief presentation of the general method of how the RCIT approaches national democratic liberation struggles in semi-colonial countries which are intermingled with imperialist interference.⁶⁸⁸ Let us start by quoting the summary of our method in our programme *The Revolutionary Communist Manifesto*:

“Particularly, where authoritarian regimes or the military openly trample on democratic rights, mass movements rise and fight with determination for their rights. Other states and even great imperialist powers try to exploit such domestic crises and are only too happy to expand their influence. The Bolsheviks-Communists support any real movement of the popular masses against the suppression of democratic rights. We reject any influence of reactionary forces and defend the national sovereignty of semi-colonial countries against imperialism. This can not mean that revolutionaries renounce the support of revolutionary-democratic movement. In reality, the imperialist meddling is no help for the revolutionary-democratic struggle, but threatens to undermine it. That is why we have supported progressive liberation struggles of the masses against dictatorships, but at the same time rejected sharply imperialist interventions. (E.g. the struggle of the Bosnians 1992-95, the Kosovo Albanians in 1999, the uprising against the Gaddafi dictatorship in Libya in 2011). Only when the imperialist intervention is becoming the dominant feature of the political situation, revolutionaries must subordinate the democratic struggle to the fight against such an intervention.

*Similarly, this is the case in the still-existing degenerated workers states (such as Cuba or North Korea). We support real mass movement against the ruling bureaucracy (such as those in Eastern Europe, China and the USSR, 1989-91) and advocate for political revolution. However, we defend the achievements of the workers’ state (planning, state ownership, foreign trade monopoly, etc.) against any attempt for the introduction of capitalism.”*⁶⁸⁹

Let us now elaborate our approach. Many leftists fail to understand the correct relationship between anti-imperialism and international working class solidarity. We are anti-imperialist because we are consistent supporters of the working class and oppressed peoples liberation struggle for which imperialism is the biggest enemy. *Our anti-imperialism is a consequence of our fundamental*

⁶⁸⁸ This sub-chapter “*Liberation Struggles, Imperialist Interference and the Dual Military Tactics*” is an edited version of a section of an essay by Michael Pröbsting: “*Liberation struggles and imperialist interference. The failure of sectarian “anti-imperialism” in the West: Some general considerations from the Marxist point of view and the example of the democratic revolution in Libya in 2011*”, in: *Revolutionary Communism*, No. 5 (English-language Journal of the RCIT), <http://www.thecommunists.net/theory/liberation-struggle-and-imperialism>

⁶⁸⁹ RCIT: *The Revolutionary Communist Manifesto*, pp. 45-46, www.thecommunists.net/rcit-manifesto/revolutionary-struggle-for-democracy.

position on the class struggle and not an overriding principle, which resides above the class struggle.

This is why Marxists are capable to come to positions which are independent of the imperialist and petty-bourgeois 'public opinion' and 'dependent' on the class interests of the international working class. This is why we don't get confused when the imperialist and petty-bourgeois 'public opinion' supports a just national or democratic liberation struggle. Marxists don't make – like Pavlov's dog – a minus where the Western imperialists make a plus. We however make sure that we develop an independent class position.

Our method is that during such just democratic or national liberation struggles we are on the side of the liberation fighters (who are mostly under bourgeois or petty-bourgeois leaderships) and we support their military victory. We sharply differentiate between these progressive liberation struggles and the interests of the imperialist powers. While we support the first, we totally oppose the later. Hence we Bolshevik-Communists reject any imperialist interference and call for the defeat of the imperialist forces.

The Public Opinion in the Imperialist World must not be the Starting Point for developing a Position towards a War!

Sectors of the centrist left in the West defend a sectarian version – or let us better say a caricature – of anti-imperialism. They don't look at a given struggle in its totality with all the various and often contradictory aspects. Instead they try to assess what is the official position of Western imperialism. They usually do this by looking to the so-called public opinion, i.e. the rhetoric of the bourgeois officials and media. And where the Western public opinion makes a plus, the sectarian makes a minus. In other words he or she sympathizes with those side in a given war with the Western public opinion despises. As examples for such an attitude we mention the *Workers World Party* in the USA, the *World Socialist Web Site* of David North, the *Liaison Committee for the Fourth International* (Socialist Fight in Britain, Liga Comunista of Brazil, Tendencia Militante Bolchevique of Argentina).⁶⁹⁰ The latter dedicated a special polemic against the RCIT on this question.

Thus they arrive to *one and the same* position in all *different* kinds of wars: the Iraq war 1991, the Bosnian war 1992-95, the Kosova war 1999, the Afghanistan war 2001, the Iraq war 2003 and the Libyan civil war 2011. This is completely wrong. *For Marxists the imperialist public opinion, while a factor which has to be taken*

⁶⁹⁰ See e.g. Workers World Party: U.S. Hands of Libya (2011), <http://www.workers.org/ebooks/Libya2011.pdf>; Alex Lantier, WWSW: The CIA proxy war in Syria and the pro-imperialist "left", 3.8.2012, <http://www.wsws.org/articles/2012/aug2012/pers-a03.shtml>; Liaison Committee for the Fourth International (LCFI): Those who 'howled along with the wolves' and those who took a neutral position on the war in Libya, 14 September 2011, in: Socialist Fight No. 7 (2011); LCFI: What a strange but delightfully dialectical face 'liberation' has in Libya today! Reply to Michael Pröbsting (RCIT), in: Socialist Fight No. 11 (2012)

into account, is neither the starting point nor the most important factor in deriving to revolutionary positions!

Let us give a few historic examples: During the Slavs national liberation struggle in the Balkans against the Ottoman Empire in 1912/13, Russian imperialism was full of sympathy for it – of course because of its expansionist own class interests. However Lenin and the Bolsheviks did not conclude from this that one should not support their national liberation struggle. Which conclusion did Trotsky and the Fourth International drew from the fact that the imperialist and petty-bourgeois public opinion in Western Europe and Northern America was strongly in favor of the Republican antifascist government in Spain in 1936-39 or for the national liberation struggle of the Chinese toilers under Chiang Kai-shek's leadership against Japanese imperialism from 1937 onwards? They certainly did not succumb to the imperialist and petty-bourgeois 'public opinion' when they gave critical but unconditional support to the Republican antifascist government's or the Chinese struggles, but pursued the independent and internationalist working class viewpoint.

Marxists must not start from the consideration: *"How can we as revolutionaries fighting in Western imperialist countries best oppose the pressure of 'our' bourgeoisie."* This is one-sided and thus opens the door to serious mistakes. It would be anti-imperialism for fools. One must start thinking from the viewpoint *"what is the independent class policy in the interest of the international working class and the oppressed people"*. In other words, how can we strengthen the working class's struggles, organizations and consciousness? This is the *only* legitimate method how to approach questions of the class struggle. Otherwise one would descend to leftists in imperialist countries that start and end thinking around the question how to oppose their bourgeoisie.

Trotsky explained this approach very well in an article in which he polemicized against the sectarian method:

*"In ninety cases out of a hundred the workers actually place a minus sign where the bourgeoisie places a plus sign. In ten cases, however, they are forced to fix the same sign as the bourgeoisie but with their own seal, in which is expressed their mistrust of the bourgeoisie. The policy of the proletariat is not at all automatically derived from the policy of the bourgeoisie, bearing only the opposite sign – this would make every sectarian a master strategist; no, the revolutionary party must each time orient itself independently in the internal as well as the external situation, arriving at those decisions which correspond best to the interests of the proletariat. This rule applies just as much to the war period as to the period of peace."*⁶⁹¹

⁶⁹¹ Leon Trotsky: Learn to Think: A Friendly Suggestion to Certain Ultra-Leftists (1938); in: Writings of Leon Trotsky 1937-38, pp. 332-333. (Emphasis in the Original) The RCIT re-published this text in Revolutionary Communism No. 5 (2012).

How to approach various Forms of imperialist Military Interventions?

In which respect can we speak about different forms of imperialist military interventions? Let us explain this by dealing with some examples of the past two decades. What was the difference between the Iraq wars in 1991 and 2003, the Afghanistan in 2001 on one hand and Bosnia 1992-95, Kosova 1999 and Libya 2011? What is our common method? Why did we defend Afghanistan in 2001 (albeit the Taliban were certainly not less dictatorial than Gaddafi) and why did we continue to support the democratic revolution in Libya against the Gaddafi regime despite the imperialist limited military campaign against the regime? The sectarians accuse us of capitulation to “the bourgeois-democratic public opinion in the imperialist countries”? But has there been a difference in the imperialist and petty-bourgeois ‘public opinion’? One can hardly say that the public opinion was less hostile against the Taliban than against Gaddafi. Rather the opposite. Many imperialist governments had public meetings with Gaddafi, made a number of good business deals, and had to hastily eliminate the pictures from their official websites where one could see Sarkozy, Berlusconi, Blair etc. shaking hands and exchanging jokes with the Libyan dictator.

So, what was the difference between the Iraq wars in 1991 and 2003, the Afghanistan in 2001 on one hand and Bosnia 1992-95, Kosova 1999 and Libya 2011 on the other hand? The answer is pretty simple. As historical materialists we first look to the developments of the classes. In Bosnia the war began in April 1992 as a national liberation struggle of the workers and peasants under the leadership of the Izetbegovic bureaucracy against the threatening oppression by the Serbian chauvinist state. Since 1987 the Milosevic regime in Serbia had initiated a virulent campaign of Serbian chauvinism which targeted, in particular, the Kosova-Albanians but also most other nationalities in Yugoslavia. By this the Serbian bureaucratic caste wanted to secure its dominant position in the process of capitalist restoration. The Croatian bureaucracy tried to counter this by increasing the oppression of their Serbian minorities in Krajina and Slavonia. This increasing national oppression was related to the capitalist restoration to divert the masses attention from its social consequences. It was this background which started the series of Balkan wars in 1991 and into which various imperialist powers tried to interfere.

It was the same in Kosova which had a history of murderous oppression by the Serbian state since its annexation in 1913 and many national liberation uprisings since then. The last one started in March 1998.⁶⁹² The Libyan and

⁶⁹² We published in the late 1980 and the 1990s a lot of analytical and programmatic material – including two booklets – about the history of Yugoslavia and the Balkan wars in German language and some in Serbo-Croatian. See e.g. LRCI: The situation in Yugoslavia and the position of proletarian revolutionaries, 30.09.1991, <http://www.fifthinternational.org/content/situation-yugoslavia-and-position-proletarian-revolutionaries>; LRCI: Bosnia - which side are you on?, 05.03.1993, <http://>

the Syrian Revolution in 2011 also started as a democratic revolution as part of the Arab revolutions against the bourgeois dictatorships. So, contrary to the interpretation of the sectarians, these civil wars started not as a conspiracy of imperialism – they were authentic liberation struggles of the workers and peasants.⁶⁹³

Contrary to these examples, the situations in Iraq 1991 and 2003 or Afghanistan 2001 were different. In Afghanistan 2001 no progressive mass struggle took place – the local civil war of the so-called *Northern Alliance* of Ahmad Shah Massoud against the Taliban didn't bear any progressive potential. The national liberation struggle of the Kurdish people against the Baath regime in Iraq did have a just and progressive character but given its local nature in the north, it did not become the dominant factor in the political situation.

Related to this is another important difference between the two types of wars: The Iraq war 1991, 2003 or the Afghanistan war 2011 *were not an interference of imperialism in ongoing liberation struggles. They were outright imperialist attacks to subjugate this or that nation.*

One has to look concretely at these wars. For example in Bosnia or Kosova the imperialist war goals were not to conquer and subjugate Serbia but rather to contain the spreading of the national liberation struggle and by this to stop the destabilization of the regional order. In the case of Kosova, one should remember that shortly before the war, in spring 1997, there was the armed mass uprising in Albania.⁶⁹⁴ A successful liberation struggle in Kosova would have had massive consequences for starting a similar liberation struggle amongst the oppressed Albanian minorities in Macedonia, Montenegro and Serbia itself.

www.fifthinternational.org/content/bosnia-which-side-are-you; LRCI: War and Peace in Bosnia. No imperialist solutions!, 30.05.1993, <http://www.fifthinternational.org/content/war-and-peace-bosnia-no-imperialist-solutions>; Michael Pröbsting: Are the Bosnian Muslims a nation?, Trotskyist International No. 13/14 (1994) <http://www.fifthinternational.org/content/are-bosnian-muslims-nation>; Michael Pröbsting: Arbeitersolidarität mit den Moslems, aber UNO: Raus aus dem Balkan! (1993), <http://www.rkob.net/geschichte/bosnienkrieg-und-linke>; Michael Pröbsting: Für das nationale Selbstbestimmungsrecht der AlbanerInnen im Kosovo! Einem Aufstand entgegen! ArbeiterInnenstandpunkt Nr. 88 (1997), <http://arbeiterinnenstandpunkt.net/alt/ast88kosovo.html>; Michael Pröbsting: Diskussion über die Frage der Balkanföderation und der internationalen ArbeiterInnen-solidarität: Welche Perspektive für den Balkan? ArbeiterInnenstandpunkt Nr. 90 (1998), <http://arbeiterinnenstandpunkt.net/alt/ast90kosovo.html>; Michael Pröbsting: Freiheit für Kosova! Ein revolutionäres Aktionsprogramm (1998); Michael Pröbsting: Marxismus, Imperialismus und der Balkankrieg, ArbeiterInnenstandpunkt Nr. 98 (1999), <http://arbeiterinnenstandpunkt.net/alt/ast98kosovo5.html>; LRCI: Stoppt die NATO-Angriffe! Unabhängigkeit für Kosovo! (1999), <http://arbeiterinnenstandpunkt.net/alt/ast100kosovo.html>. See also Nina Gunić: Bosnia: Never forget Srebrenica - learn the lessons for today! (2012), <http://www.thecommunists.net/worldwide/europe/bosnia-war/>

⁶⁹³ The FLTI who intervened with revolutionary activists both in the Libyan and the Syrian civil wars has published a number of excellent reports and articles these revolutions. See their blog <http://libyarevolutionupdate.blogspot.com.ar> as well as their website <http://www.democraciobrera.org>.

⁶⁹⁴ See e.g. LRCI/PTS: Der albanische Aufstand (1997), <http://arbeiterinnenstandpunkt.net/alt/rm21albanischeraufstand.html>; Michael Pröbsting, Aufstand in Albanien: Das Volk wehrt sich! (1997), <http://arbeiterinnenstandpunkt.net/alt/ast82albanien.html>

Of course imperialist interference *can* change the character of a national liberation struggle. But this is not necessarily always the case. In our book on the Arab Revolution we already referred to examples that showed that the imperialists also interfered in the Chinese national liberation struggle in the 1930s and 40s or in the guerilla mass movements in Eastern Europe against the Nazis during World War II. For example the British sent arms and officer to the Stalinist partisans of Tito and the USA sent even military aircrafts with US pilots to support the bourgeois Chiang Kai-shek forces. Did these lead the revolutionaries of the Fourth International to stop supporting these struggles?! No, and they would have been terrible wrong had they do so.

One has to concretely analyze if a given democratic or national liberation struggle becomes fully subordinated to the imperialist maneuvers and doesn't possess any significant internal dynamic of a workers and peasant liberation struggle. If this is the case, Marxists must change their position and give up their critical support for the national liberation struggle.

However, even here one has to analyze the process and its possible transformation and therefore be prepared for a necessary change in the position. For example when the Shiite workers and peasants in Southern Iraq revolted against Saddam Hussein in March 1991, both we Marxists and the imperialists understood the class meaning of this insurrection. It was a genuine democratic revolution of the workers and peasants. Therefore the Baathist army crushed it, the US troops and the imperialist and petty-bourgeois 'public opinion' cried crocodile tears about the poor Iraqis and the evil Saddam Hussein regime ... but stood by and looked in relief when the uprising was crushed. And we Bolshevik-Communists? We – in our predecessor organization LRCI – defended the Iraqi army against the US troops but we also defended the Shia masses against the Baathist army. Both the imperialists and the LRCI/RCIT changed their position not because they were inconsistent but because the struggle between the classes changed its character. It can also be the other way round that Marxist can first support a democratic revolution and later change this position. Only such a concrete and dialectical approach enables Marxists to elaborate an independent and internationalist working class position. This means a view point which focuses on the advance of the working class struggle, organizations and consciousness and not on the imperialist and petty-bourgeois 'public opinion'.

Let us briefly deal with another historic example. Which positions should Marxists have developed in the 1953, 1956, 1968 or 1980-81 when the workers rebelled against the Stalinist bureaucracy in Eastern Germany, Hungary, Czechoslovakia and Poland?! Of course, the imperialist and petty-bourgeois 'public opinion' in the West was verbally in favor of these workers uprising because they hoped to weaken the Stalinists by tactically exploiting them. But only the Stalinists and living caricatures of Trotskyism like the Spartacists did come to the conclusion that because of the Western 'public opinion', one should defend the bureaucratic dictatorship against the workers. For the Marxists of

course the starting point was not the imperialist and petty-bourgeois 'public opinion' in the West but the independent proletarian class interests. We therefore supported critically but unconditionally the workers uprisings in the East. While we supported these – unfortunately defeated – workers revolutions, we opposed any form of imperialist attack at the same time.

Consequences for the Military Tactic

So we see that in implementing the same independent, internationalist working class line, one has to arrive in different situations to different conclusions because different objective factors and class interests are involved. The same *strategy of permanent revolution* leads in different types of wars to different tactics. Only a mechanistic bonehead can be surprised by this.

Where the working class and the oppressed are not engaged in a direct struggle for power, i.e. outside of a revolutionary situation, the task of the overthrow of a given regime is subordinated to the task of the defense of semi-colonial country (or a degenerated workers state) against an imperialist attack. On the other hand, where we have the mobilization of the working class and the oppressed in a direct struggle for power as it is the case in a revolutionary situation, a civil war etc., Bolshevik-Communists fight for the victorious outcome of this class struggle. Of course we combine this with the fight against the imperialist attacks.

The Second World War is a model for such a contradictory situation. There we could see the application of a combined, dialectical approach of military tactics. The revolutionary Marxists of the Fourth International defended the Soviet Union against German imperialism – despite the former's alliance with Western imperialism. They sided with the colonial people against their imperialist occupiers – despite the Stalinists' support for the British and French occupiers and despite the Allied imperialists' support for the Chinese resistance against Japanese imperialism. The Fourth International also sided with the national liberation partisan armies against German imperialism in Europe and took a defeatist position against both imperialist camps in their conflict with each other.

So we see that in such contradictory cases, where, so to say, several wars take place in one war, it would be disastrous to pursue one and the same tactic for all different wars or "sub-wars". Quite the opposite, Marxists must call for a dual military tactic.

Only when the imperialist forces threaten to conquer a given semi-colonial country (or a degenerated workers state) and when at the same time the working class is not strong enough to take power, only then it becomes necessary to subordinate the struggle against the regime to the defense of the given semi-colonial country (or a degenerated workers state).

This is why – as we already stated above – we supported the national liberation

struggle of the Bosnian people against the Serbian restorationist bureaucracy in 1992-95 while opposing any NATO attacks. This is why we supported the uprising of the Kosova-Albanians in 1997-99 while at the same time opposing NATO's war against Serbia. This is why we said during the Gulf War both in 1991 and 2003 "*Defend Iraq! Defeat Imperialism!*" When the imperialist assault against Afghanistan started on 7th October 2001 we called for the military victory of the Afghan resistance despite the Taliban leadership. Similarly we call today for the military victory of the Islamist rebels in Mali against the French invaders and their allies. And we called for support for the Hezbollah-led resistance in Lebanon 2006 and the Hamas-led resistance in Gaza 2008/09 as well as in 2012 both against the Israeli Apartheid state.

Such complications, amalgamations of different and contradictory interests in a given military conflict are likely to increase in the future. Why? Because of the deepening crisis of capitalist system worldwide and the associated increasing rivalry between imperialist powers. It is because of this rivalry that imperialist powers are more and more motivated to interfere in local conflicts and civil wars and to exploit them to advance their influence and increase their profits. Unfortunately this aspect is completely ignored by many sectarians who fail to recognize that in addition to the old imperialist power – in North America, Western Europe and Japan – there are also new, emerging imperialist powers, particularly Russia and China.

The Marxist Classics on Contradictory Factors in Wars

It is true that imperialist powers at some point tried to utilize these democratic struggles for their purpose and interfered. This must be opposed by the Marxist forces. But, as Lenin said, in the epoch of imperialism the big powers will always try to interfere and utilize national and democratic conflicts. This must not lead Marxists to automatically take a defeatist position in these conflicts. It depends on which factor becomes the dominant aspect – the national, democratic liberation struggle or the imperialist war of conquest. Lenin explained this with the following examples:

"Britain and France fought the Seven Years' War for the possession of colonies. In other words, they waged an imperialist war (which is possible on the basis of slavery and primitive capitalism as well as on the basis of modern highly developed capitalism). France suffered defeat and lost some of her colonies. Several years later there began the national liberation war of the North American States against Britain alone. France and Spain, then in possession of some parts of the present United States, concluded a friendship treaty with the States in rebellion against Britain. This they did out of hostility to Britain, i.e., in their own imperialist interests. French troops fought the British on the side of the American forces. What we have here is a national liberation war in which imperialist rivalry is an auxiliary element, one that has no serious importance. This is the very opposite to what we see in the war of 1914-16 (the national

*element in the Austro-Serbian War is of no serious importance compared with the all-determining element of imperialist rivalry). It would be absurd, therefore, to apply the concept imperialism indiscriminately and conclude that national wars are "impossible". A national liberation war, waged, for example, by an alliance of Persia, India and China against one or more of the imperialist powers, is both possible and probable, for it would follow from the national liberation movements in these countries. The transformation of such a war into an imperialist war between the present-day imperialist powers would depend upon very many concrete factors, the emergence of which it would be ridiculous to guarantee."*⁶⁹⁵

In another article Lenin compared the possibility of imperialist interference in national liberation struggles for their aims with the possible interference of sections of monopoly capital in democratic struggles in imperialist countries. In both cases, Lenin argued, it would be wrong to refuse support for these struggles because of this interference:

*"On the other hand, the socialists of the oppressed nations must, in particular, defend and implement the full and unconditional unity, including organisational unity, of the workers of the oppressed nation and those of the oppressor nation. Without this it is impossible to defend the independent policy of the proletariat and their class solidarity with the proletariat of other countries in face of all manner of intrigues, treachery and trickery on the part of the bourgeoisie. The bourgeoisie of the oppressed nations persistently utilise the slogans of national liberation to deceive the workers; in their internal policy they use these slogans for reactionary agreements with the bourgeoisie of the dominant nation (for example, the Poles in Austria and Russia who come to terms with reactionaries for the oppression of the Jews and Ukrainians); in their foreign policy they strive to come to terms with one of the rival imperialist powers for the sake of implementing their predatory plans (the policy of the small Balkan states, etc.). The fact that the struggle for national liberation against one imperialist power may, under certain conditions, be utilised by another "great" power for its own, equally imperialist, aims, is just as unlikely to make the Social-Democrats refuse to recognise the right of nations to self-determination as the numerous cases of bourgeois utilisation of republican slogans for the purpose of political deception and financial plunder (as in the Romance countries, for example) are unlikely to make the Social-Democrats reject their republicanism."*⁶⁹⁶

This methodological approach was later defended and developed by the Trotskyists. Rudolf Klement, a secretary of Trotsky and a leading member of the Fourth International who was murdered by the Stalinist GPU, wrote on this question in an excellent article called *"Principles and Tactics in War"*. In this article, which was praised by Trotsky⁶⁹⁷, Klement elaborated the position of the Trotskyists and defended it against their sectarian critics:

⁶⁹⁵ V. I. Lenin: *The Junius Pamphlet* (1916); in: LCW 22, pp. 310-11

⁶⁹⁶ V. I. Lenin: *The Socialist Revolution and the Right of Nations to Self-Determination* (1916); in: LCW 22, p. 148

⁶⁹⁷ See Leon Trotsky: *An Excellent Article on Defeatism* (1938); in: *Writings of Leon Trotsky 1937-38*, pp. 153-154

*“Class struggle and war are international phenomena, which are decided internationally. But since every struggle permits of but two camps (bloc against bloc) and since imperialistic fights intertwine with the class war (world imperialism—world proletariat), there arise manifold and complex cases. The bourgeoisie of the semi-colonial countries or the liberal bourgeoisie menaced by its “own” fascism, appeal for aid to the “friendly” imperialisms; the Soviet Union attempts, for example, to utilise the antagonisms between the imperialisms by concluding alliances with one group against another, etc. The proletariat of all countries, the only internationally solidarity—and not least of all because of that, the only progressive—class, thereby finds itself in the complicated situation in wartime, especially in the new world war, of combining revolutionary defeatism towards his own bourgeoisie with support of progressive wars.”*⁶⁹⁸

Klement defends a dialectical approach, arguing that *“the proletariat, especially in the imperialist countries, requires, in this seemingly contradictory situation, a particularly clear understanding of these combined tasks and of the methods for fulfilling them.”* Later, at the end of his article, he goes on to emphasize: *“Thus we see how different war situations require from the revolutionary proletariat of the various imperialist countries, if it wishes to remain true to itself and to its goal, different fighting forms, which may appear to schematic spirits to be “deviations” from the basic principle of revolutionary defeatism, but which result in reality only from the combination of revolutionary defeatism with the defence of certain progressive camps.”*

It is this concrete, dialectical method which the Marxists classics developed and which we apply today to the different types of wars which take place in a world situation characterized by increasing contradictions and rivalry.

⁶⁹⁸ Rudolf Klement: Principles and Tactics in War (1938); in The New International (Theoretical journal of the Socialist Workers Party, US-American section of the Fourth International), May 1938, Vol. 4, No. 5, pp. 144-145. The RCIT re-published this text in: Revolutionary Communism No. 4 (2012), pp. 44-46.

Chapter 13: Centrism's Failure in the Struggle against Imperialist Wars

We remarked above that centrism is not capable of taking a consistent internationalist position because it reflects in one form or another a petty-bourgeois class viewpoint, in particular the pressure of the labor bureaucracy and the labor aristocracy which again adapts to the capitalist class and its state. We demonstrated in previous chapters how this leads various centrists to open rejection or gross distortions of key aspects of the Marxist theory of imperialism – like on the questions of semi-colonial countries, super-exploitation, “sub-imperialism”, labor aristocracy, etc.

Naturally adaption to the petty-bourgeois reformism expresses itself not only in the theoretical and analytical sphere. It has inevitable important consequences for the practical position of centrism in the international class struggle, for the tactics which these organizations advocate. And indeed, as we will show, this happens to be the case.

What nearly all centrists in the imperialist countries have in common is a *platonic* “*Anti-Imperialism*”. This means a social-pacifist or even social-imperialist capitulation to the pressure of their imperialist bourgeoisie transmitted via the labour bureaucracy and the left-liberal intelligentsia – covered by a formal opposition to imperialism and wars in words. They adapt to the imperialist pressure of their own bourgeoisie by failing to call and work for the defeat of their own ruling class, by failing to call and work for the victory of the oppressed people in the semi-colonial world against their own imperialism. We will see this if we look at a number of imperialist wars against oppressed people in the last three decades.⁶⁹⁹

i) The Malvinas War in 1982

In the spring of 1982 Argentina – ruled by a reactionary military dictatorship at that time – took back the Malvinas Islands which are in front of its coast but

⁶⁹⁹ In German language we have already published a number of critical studies of the centrists' failure in their anti-imperialist duty. See for example: Michael Pröbsting: „*Europäische Linkspartei, CWI und der Libanon-Krieg: Kleinbürgerliche Linke als verkleidete Diener des Imperialismus*“ (Revolutionärer Marxismus Nr. 36, 2006, <http://www.thecommunists.net/theory/libanon-krieg-und-linke>; Martin Suchanek: Berliner Linkspartei unterstützt zionistische Kriegshetzer, <http://www.arbeitermacht.de/infomail/403/berlinerlinkspartei.htm>; Roman Birke „*Europäische Linkspartei und KPÖ: Degenerationsprozeß zeigt sich in der Kosova-Frage*“; Michael Pröbsting „*Der Tschad-Konflikt und die Linke: Schein-Antiimperialismus mit marxistischen Phrasen getarnt*“, in „*Unter der Fahne der Revolution*“ Nr. 2/3 (April 2008), <http://www.thecommunists.net/theory/tschad-intervention-und-linke>; Michael Pröbsting: Der Verrat der 'Linken' im Gaza-Krieg; in: *Unter der Fahne der Revolution*, Nr. 4 (2009), <http://www.thecommunists.net/theory/gaza-krieg-und-linke>

occupied by British imperialism. The right-wing Tory government of Margaret Thatcher sent the British Navy and troops and – after a 74-day war with more than 900 dead – they re-occupied the islands. *Militant* – the mother section of the CWI (which at that time also had the leading cadre of the later split IMT, Ted Grant and Alan Woods, in its ranks) – completely capitulated to the imperialist pressure. The CWI supported and still supports until today Britain’s claims on the Malvinas. It not only failed to support Argentina but even failed to call for an end of the war and a withdrawal of the British troops! It slanders opponents of the imperialist war as “*the ultra-left sects who, all forlorn, cry ‘Stop the war!’*”⁷⁰⁰ Instead the centrist CWI called for new elections to bring the Labour Party into power and ... to continue the war against Argentina “on socialist lines”!

*“The labour movement should be mobilised to force a general election to open the way for the return of a Labour government to implement socialist policies at home and abroad. Victory of a socialist government in Britain would immediately transform the situation in relation to the Falklands. The junta would no longer be able to claim to be fighting British imperialism ... A Labour government could not just abandon the Falklanders and let Galtieri get on with it. But it would continue the war on socialist lines.”*⁷⁰¹

While formally opposing the right-wing Thatcher government, the CWI called for alternative measures to fight against semi-colonial Argentina and to support British imperialism’s claims on the Malvinas: “*As an alternative to Thatcher’s war, we called for international class action against the junta such as trade union blacking of trade.*”⁷⁰² And this at the same time as the British government was waging an imperialist war against Argentina!

As a justification it referred to the right of national self-determination ... of the 1.800 British colonial settlers living on the Malvinas Islands! The CWI leadership defends their capitulation until today. In his book on the history of *Militant*, CWI leader Peter Taaffe argues: “*The democratic rights of the 1,800 Falklanders, including the right to self-determination, if they so desired, was a key question in the consciousness of British workers. (...) Marxists could not be indifferent to the fate of the Falklanders, particularly given the consciousness of the British working class as it developed over this issue.*”⁷⁰³

In other words, since the CWI leadership believes that British imperialism has succeeded in poisoning the consciousness of the British working class by colonial, aristocratic prejudices, it considers itself impotent to oppose this

⁷⁰⁰ Lynn Walsh: Falklands war: what lessons for the labour movement? in: *Militant International Review*, Nr. 22, Juni 1982 (reprinted in: *Socialism Today*, Nr. 108, April 2007, <http://www.socialismtoday.org/108/falklands.html>)

⁷⁰¹ Lynn Walsh: Falklands war: what lessons for the labour movement?

⁷⁰² Roger Shrivies: Falklands/Malvinas 1982 - Thatcher’s War Of Saving Face, *The Socialist (CWI)* 3 May 2002, http://www.socialistparty.org.uk/html_article/2002-252-index#article4

⁷⁰³ Peter Taaffe: *The Rise of Militant*, London 1995, Chapter 20 “The Falklands/Malvinas War”, <http://socialistalternative.org/literature/militant/>

but rather joins British imperialism's "care" for the settlers! Naturally such an ill-concealed support for the logic of colonialism is a shame for any group which calls itself "Marxist". The CWI propaganda is exactly a reflection of the imperialist propaganda to justify its global interventions by referring to the fate of their settlers. We will later see that the CWI repeats this reactionary logic in its support for Zionism and Israel's right to exist.

The same supposed backward consciousness of the British working class was utilized by the CWI leadership to justify its refusal to mobilize for an end of the war: *"To force the withdrawal of the Task Force would have involved the organization of a general strike, which itself would have posed the question of the coming to power of a socialist government. Yet at the outset of the war, such a demand would have received no support from the British workers. (...) Nor would the call to stop the war or to withdraw the fleet have provided a basis even for a mass campaign of demonstrations, meetings and agitation."*⁷⁰⁴

Another argument which the CWI leaders invented was the supposed "imperialist" character of Argentina: *"The Argentine regime's invasion was not a war of 'national liberation' against imperialism. On the contrary, in seizing the Falklands/Malvinas the Argentine Junta was pursuing the 'imperialist' aims of Argentine capitalism."*⁷⁰⁵ We have dealt with this nonsense already in chapter 9 in this book.

The CWI leaders also tried to justify their support for "our boys" – i.e. the soldiers of the imperialist British army – by referring to them as *"workers in uniform"*. This was used as an argument to oppose calls that Labor Party Members of Parliament should vote against any war credits since they would leave "our boys" defenseless.⁷⁰⁶

All this is a graphic example that centrism shares a common ground with left-reformism and social-imperialism.

The Cliffite SWP/IST did also not side with Argentina against its „own“ British imperialism but took a neutral position in the war. As we have quoted above, its leadership justified such a social-pacifist position in a war against an oppressed country by claiming that Argentina was supposedly a "sub-imperialist" country.⁷⁰⁷

Hence for these centrists the war between Britain and Argentina over the Malvinas in 1982 was reactionary on both sides. The SWP leadership stated:

"It was neither an anti-colonial struggle nor a struggle between oppressed and oppressor nations. The contending parties were an emergent capitalist country with regional and continental imperialist features, and a longstanding imperialist power

⁷⁰⁴ Peter Taaffe: *The Rise of Militant*, London 1995, Chapter 20 "The Falklands/Malvinas War"

⁷⁰⁵ Peter Taaffe: *The Rise of Militant*, London 1995, Chapter 20 "The Falklands/Malvinas War"

⁷⁰⁶ See *Workers Power: Communism and the test of War. The Left and the Malvinas*; in: *Workers Power* No. 33, June 1982

⁷⁰⁷ See Alex Callinicos: *Marxism and Imperialism today*, in: A. Callinicos, J. Rees, C Harman & M. Haynes: *Marxism and the New Imperialism*, London 1994, p. 45

*which, though in marked decline, is still a powerful force. There was not a progressive and a reactionary camp.”*⁷⁰⁸

The SWP leadership managed to deny any anti-colonial aspect in the Malvinas war on the Argentinean side – despite the fact that the Malvinas are obviously only under British control because of its past as having been the biggest colonial empire for a long time and despite the fact that Argentina is obviously a dependent, super-exploited country! By denying the decisive class difference between semi-colonial Argentina and imperialist Britain, the British centrists manage to justify a neutral position. They are opposed to both sides and compare their stand with the position of socialists in World War One, when they also opposed both the Entente and the Central Powers as imperialist camps:

“We are not pacifists, we detest the Galtieri dictatorship, we dismiss the notion that the Argentinian seizure of the Falklands is progressive on anti-colonialist grounds. Nevertheless we believe that, in a war between Britain and Argentina, the defeat of British imperialism is the lesser evil. The main enemy is at home.

We support anti-colonial movements as movements of struggle by oppressed people against their oppressors and we support them because, as Marx said, “no nation can be free if it oppresses other nations.”

None of this has much relevance to the Falklands. (...) We are irreconcilably hostile to both governments and both regimes. But we are in Britain and not Argentina and therefore the British government, the British state, is the main enemy for us. (...)

*Lenin and Trotsky and Rosmer and Connolly and MacLean and Debs all said, with appropriate national variations, exactly the same thing. All opposed their “own” government and its war. And they were absolutely right. Support for “one’s own” ruling class in such a war is tantamount to abandoning the struggle for socialism. For their war is a continuation of their politics by other means. And so, exactly, with the War of Thatcher’s Face.”*⁷⁰⁹

The IST leadership rejected the applicability of Trotsky’s anti-imperialist method by remarking on his statement on a potential war between a semi-fascist Brazil and a democratic imperialist Britain – which we quoted above – that *“Leon Trotsky showed some confusion over these matters.”*⁷¹⁰ Unfortunately it is rather the IST, not Trotsky, who is confused on anti-imperialism.

To summarize, the Malvinas War with British imperialism at its centre showed the true social-pacifist or even social-imperialist color of centrist tendencies which have – like the CWI, IMT or IST – their biggest section in Britain. Their policy had nothing to do with the necessary proletarian internationalism which supports the struggles of the oppressed people and which Trotsky considered

⁷⁰⁸ Alex Callinicos: *Marxism and Imperialism today*, pp. 50-51

⁷⁰⁹ Duncan Hallas: *Socialism and war* (1982), *Socialist Review* 82:05, May 1982; <http://www.marxists.org/archive/hallas/works/1982/05/socwar.htm>

⁷¹⁰ Chris Harman: *Analysing Imperialism* (2003); in: *International Socialism* 2:99, Summer 2003, p. 78, <http://pubs.socialistreviewindex.org.uk/isj99/harman.htm>, <http://www.marxists.org/archive/harman/2003/xx/imperialism.htm>

as the duty of all socialists:

*„Imperialism can exist only because there are backward nations on our planet, colonial and semi-colonial countries. The struggle of these oppressed peoples for national unity and independence has a twofold progressive character, since, on the one hand, it prepares favorable conditions of development for their own use, and on the other, it strikes blows at imperialism. Hence, in part, the conclusion that in a war between a civilized imperialist democratic republic and the backward barbarian monarchy of a colonial country, the socialists will be entirely on the side of the oppressed country, notwithstanding its monarchy, and against the oppressor country, notwithstanding its “democracy”.”*⁷¹¹

ii) The Gulf War in 1991

When the imperialists under the leadership of the USA attacked Iraq in January 1991, the Stalinists played a pathetic role. Most Stalinists supported the UN embargo against Iraq imposed in autumn 1990 and which prepared the imperialist onslaught. They followed the leadership of the Stalinist states. The Stalinist bureaucracy of the USSR voted for all UN resolutions concerning the Gulf crisis up to the war in January 1991 including the authorisation of the imperialist armies to attack Iraq. The Chinese Stalinist bureaucracy voted for the imperialist sanctions against Iraq and abstained on the question of war authorisation. The Cuban Stalinist bureaucracy abstained on the question of sanctions (so much for Castro's "anti-imperialism"!) and voted against war authorisation.

However, the main centrist currents in the West also failed again to defend the semi-colonial country. Of course they opposed the war – as nearly all pacifists did too. Of course, they went not so far as the Stalinists did and therefore did not support the imperialist sanctions. But they refused to take a side in the war between the biggest powers on earth and a single classic semi-colonial country.

The CWI leadership justified their abstentionist position by arguing that Saddam Hussein's foreign policy was "aggressive", "expansionist" or even "imperialist" too. For some time they even went so far to claim that Iraq was a "regional imperialist powers" as we have shown in the quote above.⁷¹²

The SWP/IST mentioned a few times before the war started, that they "would be for an American defeat and therefore an Iraqi victory". However, when the war actually started, this pledge was forgotten and the SWP failed to publicly stand for the imperialists defeat by the Iraqi forces.⁷¹³

⁷¹¹ Leo Trotzki: Stalin – Eine Biographie, München 1952, pp. 246-247; in English: Leon: Trotsky: Stalin – An Appraisal of the Man and his Influence (1940), Chapter VI: War and Exile, <http://www.marxists.org/archive/trotsky/1940/xx/stalin/ch06.htm>

⁷¹² Wolfram Klein: Hintergründe der kolonialen Revolution (1991); in: Die koloniale Revolution, Herausgegeben von Stuttgarter VORAN-Unterstützern (1991), p. 6

⁷¹³ Paul Morris: The Left and the War: The acid test; in: Workers Power No. 139 (February 1991), p. 14

This was obviously the result of the pressure from the left-liberal pacifists and the reformists. Hence the SWP in Britain even refused to fight for the slogan “Troops Out of the Gulf” to become part of the official platform of the “Committee to Stop War in the Gulf” – the main anti-war alliance. They opposed this because it would have endangered their alliance with petty-bourgeois pacifists and labor bureaucrats. They also helped to make sure that no one could speak in defense of Iraq from the platform at the demonstrations and rallies – because this would have shocked the petty-bourgeois allies in the anti-war movement.⁷¹⁴

Trotsky once characterised this fear to break with the bureaucracy and to make unprincipled concessions in order to avoid such a rupture as an essential feature of centrism:

“The left centrists, who are in turn distinguished by a great number of shadings (SAP in Germany, OSP in Holland, ILP in England, the Zyromsky and Marceau Pivert groups in France and others) arrive in words at the renunciation of the defence of the fatherland. But from this bare renunciation they do not draw the necessary practical conclusions. The greater half of their internationalism, if not nine-tenths of it, bears a platonic character. They fear to break away from the right centrists; in the name of the struggle with “sectarianism,” they carry on a struggle against Marxism, refuse to fight for a revolutionary International and continue to remain in the Second International, at the head of which stands the king’s footman, Vandervelde. Expressing at certain moments the leftward shift of the masses, in the final analysis the centrists put a brake upon the revolutionary regrouping within the proletariat and consequently also upon the struggle against war.

*In its very essence, centrism means half-heartedness and vacillation. But the problem of war is least of all favourable for the policy of vacillation. For the masses, centrism is always only a short transition stage. The growing danger of war will make for ever-sharper differentiation within the centrist groupings that now dominate the workers’ movement. The proletarian vanguard will be the better armed for the struggle against war the sooner and more fully it will free its mind from the web of centrism. A necessary condition for success on this road is to pose clearly and irreconcilably all questions connected with war.”*⁷¹⁵

iii) The imperialist War on Terror since 2001

When the imperialist “war on terror” – initiated by the US-administration of George Bush – started, it provoked a world-wide mass movement. Already the imperialist USA/EU attack on Afghanistan in October 2001 met mass opposition. This was however dwarfed by the huge movement which emerged against the threat of the war against Iraq. At its highpoint, 15-20 million people marched on 15th February 2003. Later the Zionist Apartheid state Israel, which

⁷¹⁴ Workers Power (Britain): Anti-War Movement: Where Now?; in: Workers Power No. 139 (February 1991), p. 6

⁷¹⁵ Leon Trotsky: War and the Fourth International (1934); in: Writings of Leon Trotsky 1933-34, p. 311

already faced the second Intifada beginning in 2000, launched several wars – first against Hezbollah in Lebanon and later twice against Gaza in December 2008 and January 2009 and in November 2012. And in January 2013, French imperialism – with support by the EU and the USA – invaded Mali in the name of “War on Terror”.

Social-Imperialist ex-Stalinists

The Stalinist and ex-Stalinist parties in Europe – most of them are united in the *European Left Party* (ELP) – played a double role. On one hand they participated in the anti-war movement in order to raise their profile and also to spread pacifist ideas and to contain anti-imperialist voices. However, while many rank and file members of these parties honestly participated in these anti-war activities, the leaders of the Communist Parties had a different, cynical calculation. For them anti-war activities were manoeuvres to boost their weight in the political establishment. Where they could enter the capitalist government, they became active supporters of the imperialist war on terror.

For example the *Parti Communiste Français* (*Communist Party of France*, PCF) was part of the Jospin government 1997-2002 which actively participated in the NATO wars against Serbia in 1999 and Afghanistan in 2001. In Italy the *Partito della Rifondazione Comunista* of Fausto Bertinotti too joined the neoliberal government of Prodi and supported the Italian participation in the imperialist occupation of Afghanistan. Such is the “principled opposition” of the “Communist” Parties against imperialist wars and occupations. It is only logical that they collaborated and praised the *Iraqi Communist Party*, which – as we already said – supported the US occupation of Iraq.

Faced with the French imperialist intervention in Mali since 10.1.2013 the PCF demonstrates again its social-imperialism. The PCF – a constituent party of the reformist *European Left Party* as well as of the *Front de Gauche* in France – expressed in their public statements that they “share the goals of the Mali government to defeat the Jihadist terrorists in the North”. These social-democratised ex-Stalinists are cynically worried that the French intervention “might risk a war”, so they “request that the French authorities respond to questions posed by heavy military intervention”.⁷¹⁶ In other words, they are true social-imperialists which implicitly support the war goals of its ruling class. The *Front de Gauche* of Jean-Luc Mélenchon goes even further and explicitly supports the war!

Another example of the social-imperialist policy of the European Left Party is their position on the Zionist Apartheid state Israel. In their official statements they naturally oppose war and occupation. But they support – in classic Stalinist tradition – the existence of the colonial settler state Israel and

⁷¹⁶ See PCF: L' intervention militaire française comporte de grands risques de guerre (12.1.2013), <http://www.pcf.fr/33977>; PCF: C'est le Mali qu'il faut reconstruire, (11.1.2013), <http://www.pcf.fr/33940>

endorse a Palestinian state only in the West Bank and Gaza alongside the much more powerful and richer Israel. Indeed leading figures like Gregor Gysi, the chairman of the German LINKE parliamentary group, proudly refer to the fact that the Stalinist Soviet Union and Czechoslovakia were the first states to recognize Israel during its war of ethnic cleansing against the Palestinians in 1948 – the *an-Nakba* as the Arabs call it – and to deliver substantial military aid.⁷¹⁷

The ELP's recognition of Apartheid state Israel's "right to exist" leads it to a refusal to support the Palestinian resistance.⁷¹⁸ It rather takes a neutral position in the decades-long struggle between the imperialist Goliath and the colonial David – a shameful stand for a so-called "Left Party"!

Its pro-Israeli social-imperialist position makes it only natural that it looks to the imperialist Great powers and their United Nations talking shop to solve the "*conflicts in the Middle East*". This could be seen, for example, in various statements that the ELP leadership published during the Gaza war in 2008/09:

*"Fully committed to the peaceful resolution of conflicts, the EL calls upon the UN Security Council to adopt concrete measures to end the massacre, lift the blockade, and promote peace on the basis of the UN resolutions."*⁷¹⁹

*"We call the European governments to do its utmost to strive for the immediate interference of the UN to stop the war. The cornerstones for a political solution and the necessary political negotiations, the conditions for such talks – all these aspects are known for a long time – and therefore the EL is demanding from the EU and the EU-countries' governments to play finally an active role in this direction – as voted by large majority in the European Parliament several times."*⁷²⁰

Similarly, the ELP leadership called during and after the Lebanon war – in which it naturally took a neutral position instead of siding with Hezbollah – repeatedly for the creation of an "UN-controlled buffer zone between Israel and Lebanon" and an "international peace-keeping force" of the UN.⁷²¹

While the ELP condemns the Israeli wars, it is also unambiguously in solidarity with the Zionist Apartheid state itself. Indeed important parties like

⁷¹⁷ See Gregor Gysi: Die Haltung der deutschen Linken zum Staat Israel, Vortrag von Dr. Gregor Gysi auf einer Veranstaltung „60 Jahre Israel“ der Rosa-Luxemburg-Stiftung am 14.4.2008, http://www.juedische.at/TCgi/_v2/TCgi.cgi?target=home&Param_Kat=3&Param_RB=33&Param_Red=9722

⁷¹⁸ See e.g. EL Executive Board meeting: The ELP condemns the violent escalation by the Israel government in Gaza strip and urges the EU to recognize the state of Palestine, Copenhagen, 2012-11-17/18, http://www.european-left.org/nc/english/home/news_archive/news_archive/zurueck/latest-news-home/artikel/the-elp-condemns-the-violent-escalation-by-the-israel-government-in-gaza-strip-and-urges-the-eu-to-re/

⁷¹⁹ ELP: Ceasefire now! Stop the war!, Berlin, 10 January 2009, http://www.european-left.org/nc/english/news/news_archive/news_archive/zurueck/latest-news-home/artikel/ceasefire-now-stop-the-war-el-mobilize-for-peace/

⁷²⁰ ELP Executive Board Secretariat: Ceasefire now! Stop the war!, Brussels, 29 December 2008

⁷²¹ Europäische Linkspartei: Appell der Europäischen Linken an die Staatschefs in Europa, 1. August 2006; http://www.european-left.org/Members/mherberg/pressrelease.2006-08-01.7915015341-de?set_language=de&cl=de; see also Gregor Gysi: Krieg ist eine Höchstform von Terror, 19.09.2006, <http://www.linksfraktion.de/rede.php?artikel=1386814495>

the German LINKE repeatedly state that they are in “Solidarity with Israel”. Gregor Gysi stated this repeatedly and even labeled “the solidarity with Israel as a well-founded moral element for the German reason of state”.⁷²²

Leading figures of the ELP like Petra Pau, a leader of the German LINKE and vice-president of the German parliament, and Walter Baier, the Coordinator of the network *transform! Europe* – the Think Tank of the European Left Party – are supporters of the notorious campaign “Stop the Bomb”. This is an aggressive Zionist campaign which demands that the Great Powers pressurize and isolate Iran and includes proponents of a nuclear pre-emptive strike against Iran.⁷²³ This is only a slightly hidden campaign for an imperialist interference and war and it is no accident that it is also supported by famous right-wing extremists like the Dutch politician Leon de Winter.⁷²⁴

During the Gaza war in 2008/09, the chairman of the LINKE in Berlin, Klaus Lederer, joined a demonstration with the slogan “Support Israel - Operation Cast-Lead” and was – alongside with politicians from the other bourgeois parties – one of the main speakers.

The German LINKE even goes so far as to denounce support for a one-state in Palestine, calls to boycott Israeli commodities or the participation in Gaza solidarity convoys and associates them with “Anti-Semitism”. It also declares support for such positions as incompatible with membership in the parliamentary group!⁷²⁵ These positions were adopted in 2011 unanimously by the leadership, respectively the parliamentary group, of the LINKE!

As a particular disgusting form of cynicism, the ELP leaders present their pro-Zionism as a form of struggle against Anti-Semitism. It goes without saying that every serious progressive organization must make not the slightest concession

⁷²² See Gregor Gysi: Die Haltung der deutschen Linken zum Staat Israel, Vortrag von Dr. Gregor Gysi auf einer Veranstaltung „60 Jahre Israel“ der Rosa-Luxemburg-Stiftung am 14.4.2008, http://www.juedische.at/TCgi/_v2/TCgi.cgi?target=home&Param_Kat=3&Param_RB=33&Param_Red=9722

⁷²³ See the campaign's website <http://stopthebomb.net>. Their call in German language can be found here: http://www.stopthebomb.net/img/anzeige_falter.pdf. A report in a bourgeois daily paper about a public meeting of this campaign in which a call for a nuclear pre-emptive strike against Iran was issued can be found here: András Szigetvari: Kriegsdrohungen aus dem Hörsaal, DER STANDARD, 5.5.2008, <http://derstandard.at/?url=/?id=3325059>

⁷²⁴ We have published various statements on the shameful support of ELP politicians for this war-mongering campaign. See e.g. Michael Pröbsting: KPÖ-Baier unterstützt neokonservative Anti-Iran-Kampagne. Wie tief kann man sinken? Kommentar zur Unterstützung des KPÖ-Funktionärs Walter Baier für die neokonservative „STOP THE BOMB“-Kampagne gegen den Iran (2007), <http://arbeiterinnenstandpunkt.net/phpwcms/index.php?id=25,348,0,0,1,0>; Michael Pröbsting: Atomkriegstreiber hetzen auf der Wiener Universität: Es ist höchste Zeit, den antinationalen Kriegshetzern Einhalt zu gebieten! 30.10.2008, <http://arbeiterinnenstandpunkt.net/phpwcms/index.php?id=25,436,0,0,1,0>

⁷²⁵ See LINKE weist Antisemitismus-Vorwürfe zurück. Der Parteivorstand der LINKEN hat am 21. Mai 2011 ohne Gegenstimmen die folgende Erklärung verabschiedet: <http://www.die-linke.de/partei/organe/parteivorstand/parteivorstand20102012/beschluesse/linkeweistantisemitismusvorwuerfezurueck/>; Parliamentary Group of the LINKE: Entschieden gegen Antisemitismus, 8. Juni 2011, <http://www.die-linke.de/nc/dielinke/nachrichten/detail/artikel/entschieden-gegen-antisemitismus>

to Anti-Semitism and fight against any such sentiments. That's why we always say that we fight against Zionism and the Apartheid state Israel, not against the Jewish people in Israel. However, confusing Anti-Zionism with Anti-Semitism is nothing but a capitulation to imperialism and Zionism.

What is the reason for this reactionary position of the LINKE which is even more right-wing than that of other parties in the ELP (of which some deputies participated in the Gaza solidarity convoys)? The reason is simply that German imperialism has a very close relationship with Israel. It is impossible for a party to become part of a government without an unambiguously pro-Israel position. Since joining a coalition government is the strategic goal of the LINKE, they must prove to the other parties that they are prepared to sacrifice international solidarity with the Palestinian people. Decisions like those mentioned above are steps in this direction. There is no doubt that the LINKE will drop much more formal internationalist positions if the time comes to achieve some posts in a government.

So, we see with the examples of Germany, France and Italy that the ex-Stalinists of the ELP are against wars but support them if that is the price for a place in the capitalist government.

The IST's specific Form of Opportunism

Given the fact that in opposite to the Malvinas War, a mass movement against the Iraq war existed in Britain, it was easier for the British-centred centrist Internationals to talk more leftist against imperialism and war. However, again, the centrists failed to take a principled anti-imperialist stand. The SWP certainly was an important force in organising the "Stop the War" coalition and mobilising mass demonstrations. But while they adapted opportunistically to Muslim business leaders, they failed to openly call for the defeat of the imperialist forces and the military victory of the Afghan forces, which were under the leadership of the Taliban.

They follow the same policy of platonic anti-imperialism in Mali in 2013: Similar to the centrist French *New Anticapitalist Party* (NPA), they oppose the French intervention but fail to call for their defeat and for the military victory of the Islamist rebels.⁷²⁶

Surely, the SWP/IST sometimes gave/gives platonic statements of support for

⁷²⁶ See: Ken Olende (SWP): French attack on Mali is an imperialist venture, <http://www.socialistworker.co.uk/art.php?id=30307>; Rulers' racism masks imperialist war in Mali, <http://www.socialistworker.co.uk/art.php?id=30351>, both articles were published as Editorials in Socialist Worker Issue: 2336, 19.1.2013; SWP: Thousands of French troops in 'total reconquest' of Mali, Socialist Worker Issue: 2337, 26 January 2013, <http://socialistworker.co.uk/art.php?id=30390>; Ken Olende (SWP): Cameron joins France's imperialist war in Mali, Socialist Worker Issue: 2338, 2 February 2013, <http://socialistworker.co.uk/art.php?id=30455>. See also the NPA Statement: NO! to the French military intervention in Mali, 14 January 2013, <http://www.internationalviewpoint.org/spip.php?article2862>

the defence of Afghanistan or Iraq against the imperialist occupation in their press. This certainly makes them more left-wing than the open social-pacifists like the CWI, IMT or the British *Alliance for Workers Liberty* (AWL). However, the IST's support for the resistance of the Afghan and Iraqi people, respectively, does not go beyond this or that side-note in an article and doesn't appear in the headlines, or the thousands of posters it regularly distributes at demonstrations, etc. Worse, they would even oppose it to be raised in motions at conferences of the Stop the War Coalition. They even opposed slogans like "*Troops Out Now*" to become part of the platform of the Coalition. In short, their opposition against the war was always marked by a gross opportunism, by political adaption towards the labour bureaucracy, left liberal sectors of the bourgeoisie and – in Britain – the formation of the popular-frontist political party RESPECT together with Muslim business men.

The SWP's opportunist orientation towards these layers was expressed in encoded form in a statement of the then-SWP leader John Rees: "*The Stop the War Coalition committed itself to the central issue of opposing the attacks on Afghanistan and Iraq and, by extension, the 'war on terror' of which they were a part. ... Around these aims traditional peace campaigners, Labour, Liberal and Green party members, trade unionists, Muslims, socialists, anti-globalisation activists and many others with no previous organisational affiliations could all agree to organise. Attempts to narrow the campaign so that it adopted specifically anti-imperialist objectives, thus potentially excluding pacifists or those simply opposed to this war for particular reasons or, most importantly, those just coming into the movement who had not had the opportunity to become anti-imperialists on principle were rejected.*"⁷²⁷

Of course it is correct to organize united front campaigns on a limited platform. We have always rejected criticism of ultra-leftists who demand to organize a broad united front on a full anti-imperialist platform including the call for defeat for imperialism. However as principled it is to collaborate in such a united front, it is the duty of Marxists to openly argue in their agitation and propaganda for revolutionary positions – including the defeat of imperialism and the support for the anti-colonial resistance – and to fight for the right to have speakers, etc. for the consistent anti-imperialist viewpoints on united front demonstrations.

The SWP leaders have a different approach. Their appetite to find allies amongst the labour bureaucracy and the petty-bourgeoisie led them even so far to give Charles Kennedy, the leader of the open bourgeois Liberal Democratic party (today the coalition partner of the Tories!) a platform at the biggest anti-war demonstration on 15th February 2003. Kennedy of course became an open supporter of the imperialist war only a few weeks later!

Another example of the SWP's gross opportunism in practice is their role in a

⁷²⁷ John Rees: *Imperialism and Resistance*, Routledge, 2006, p. 225, quoted in: Alec Abbott; *Kautskyism past and present, Volume 1: Modern-day Kautskyism* (2007), p. 21, <http://www.rosclar.webspace.virginmedia.com>

shameful incident at the European Social Forum in October 2004. The organizers – including the SWP – invited Sobhi Al-Mashadani, the general secretary of the Iraq Federation of Trade Unions (IFTU) and a member of the Iraqi Communist Party to speak at a major session during the ESF. His party supported the US occupation of Iraq and was part of the colonial puppet government. Mashadani himself argued a few weeks before in favor of continuing the imperialist occupation and against calls for withdrawal. His presence on the platform was widely condemned – including by George Galloway – and together with a number of Iraqi activists we protested at the beginning of the planned debate against the presence of this supporter of imperialist occupation on the platform. In the end Mashadani left without a speech, but we were strongly denounced for our protest by the SWP leaders who feared for their cozy relations with the bureaucrats.

How to fight for anti-imperialist Position and how not to fight for it

Let us give a concrete example for the contrast between the Marxist and the opportunist approach to the united front policy in the struggle against the imperialist war. In 2006 we initiated in Austria a united front to protest the visit of the then US president Bush in Vienna on 21st June. Our youth organisation was central in organizing a school student strike in which 2,000 school students participated. In the evening of the same day about 25,000 people marched through the city.⁷²⁸

Our comrades, who spoke from the platform both during the school student strike and at the demonstration in the evening – among them today RCIT leader Nina Gunić – openly called for the defeat of US imperialism and Israel, for the victory of the Iraqi resistance and the Palestinian Intifada and for international working class solidarity. During the mobilization campaign, which lasted several months, the united front split into two alliances. One was called BUSH GO HOME, in which our organization participated together with a number of other left-wing and migrant groups and of which the author of this book was a spokesperson. The other was called STOP BUSH and was centred around the social democratic youth organization and the Communist Party. The issue of the split was that the reformists categorically opposed to allow speakers which stood for a consistent anti-imperialist viewpoint. They therefore categorically opposed that al-Kalemji, a spokesperson of the Iraqi Resistance, or myself, Michael Pröbsting, could speak from the platform at the demonstration in the evening. In the end we demonstrated together but had separate rallies at the beginning and the end of the demonstration, so that thousands of people could

⁷²⁸ For more on this see Michael Pröbsting: Austria: Vienna was anti-Bush city!, 24.06.2006, <http://www.fifthinternational.org/content/austria-vienna-was-anti-bush-city>

hear the voices of the anti-imperialists at our rallies.⁷²⁹

Characteristically, the Austrian section of the IST joined the alliance of the social democratic youth and supported their refusal to allow anti-imperialist speakers. Formally this seemed to be contradictory: In their paper the Clifftites spoke positively about the Iraqi resistance but at the same time they supported the reformist's rejection to have a speaker from the same Iraqi resistance at a demonstration. But this is a contradiction only on the surface. The IST's anti-imperialist principles are subordinated to their drive to find allies amongst the

⁷²⁹ We have become hate figures for pro-Zionist, reformist and "Anti-German" forces because of the consistent anti-imperialist position and practice of our organization. The author of this book was already sentenced by the bourgeois court in 2006 for participation in anti-imperialist activities, which disrupted a meeting of pro-Zionist forces who called for war against Iran. A united front call in solidarity with Michael Pröbsting can be found here: Gegen die Kriminalisierung der demokratischen und antiimperialistischen Kräfte! Für das Recht auf Meinungsfreiheit! (April 2006) http://arbeiterinnenstandpunkt.net/alt/unterstuetzung_proebsting.html;

The then chairman of the Communist Party, Walter Baier, published an article in the leading conservative daily paper in Austria "Die Presse" in which he called Michael Pröbsting "a star of the anti-imperialist scene" and associated him with "left-wing Anti-Semitism". (Walter Baier: Können Linke antisemitisch sein? Antiintellektualistische und antisemitische Ressentiments haben auch in der Linken eine lange Geschichte; 30. 8. 2006, <http://www.gegendenantisemitismus.at/00092006.php>) Today Walter Baier is the Coordinator of the network *transform! Europe* – the Think Tank of the European Left Party.

During the Gaza War in November 2012, the RKOB (Austrian section of the RCIT) played an active and leading role in organizing protest rallies and demonstrations. As a result, the Zionist forces charged one of our leading comrades, Johannes Wiener, with "sedition". The reasons given for the charge are parts of a speech he gave at a Pro-Palestine rally on 16.11.2012 in Vienna, in which he called for the support of the Intifada, for solidarity with the armed and unarmed resistance and for a single state in the whole of Palestine from the river to the sea. We initiated a national and international solidarity campaign and the charges were dropped. More on the background of this charge and the solidarity campaign for him can be found on the RCIT website:

Victory! The Charge against RKOB Spokesperson and Palestine Solidarity Activist Johannes Wiener has been dropped!

Austria: Israelite Cultus Community suffers defeat in its attack on Free Speech and Palestine Solidarity, Statement of the RKOB, 10.1.2013, <http://www.thecommunists.net/worldwide/africa/solidarity-with-wiener-won>; Austria: Israelite Cultus Community attempts to criminalize partisanship for the Palestinian Resistance! Charge of "Sedition" against RKOB Spokesperson and Palestine Solidarity Activist Johannes Wiener is a Pretext for Attack on Freedom of Expression, Statement of the RKOB, 20.12.2012, <http://www.thecommunists.net/worldwide/africa/no-criminalization-of-solidarity-with-palestine>; Austria: Pro-Israeli War-Mongers try to throw 20-year old Palestine Solidarity Activist into Prison. RKOB spokesperson Johannes Wiener is accused of „sedition“ because of a Pro-Palestine speech during the Gaza War, Statement of the RKOB, 13.12.2012, <http://www.thecommunists.net/worldwide/africa/no-to-criminalization-of-rcit-activist>; Statements in Solidarity with RCIT Activist Johannes Wiener, <http://www.thecommunists.net/worldwide/africa/solidarity-with-johannes-wiener>. A number of reports of the Austrian RCIT section's work during the Gaza war have been published on this website too.

The pathetic role of the Zionist "Anti-Germans" which acts as a battering ram against the anti-imperialist left is pretty well known. This however unfortunately does not stop left-wing associations like "Platypus" in the USA to give such reactionaries a platform. See for example Stephan Grigat: To know the worst: Anti-Semitism and the failure of the Left on Iran, Platypus Review 49, September 2012, <http://platypus1917.org/2012/09/01/anti-semitism-and-failure-of-left-on-iran/>. In this rant the author, a lecture at the Viennese university and a supporter of the campaign to criminalize our comrades, associates Michael Pröbsting with "Anti-Semitism".

labour bureaucracy and the left liberal intelligentsia. If they can find such allies – at least temporarily – they are prepared to sell all principles of the working class program.

In Britain this opportunism led to the consequences that the SWP leaders avoided consistent anti-imperialist slogans from the platform at demonstrations as well as practical actions which would enrage their allies in the labour bureaucracy and the Muslim community leaders. They therefore let the situation slip in February/March 2003 when the mass protest could have been transformed into mass resistance against the imperialist war. Any proposals for strikes against the war or the building of action councils would have endangered their bureaucratic friendships with their reformist allies.⁷³⁰

Instead of a principled united front with reformists and Muslim community leaders, the SWP/IST leadership preferred to build the petty-bourgeois, popular-frontist party RESPECT together with the former Labour MP George Galloway and Muslim business men and on the basis of a reformist program.⁷³¹

IST policy: Give us some Posts and we stop fighting for our Principles

We said before that the IST's anti-imperialist principles are subordinated to their drive to find allies amongst the labour bureaucracy and the left liberal intelligentsia. Let us give another example for this. In Germany the IST has been part of the LINKE – the German section of the European Left Party – for many years. They have a number of positions in regional, the central leadership and the parliamentary apparatus as well as two deputies in the federal parliament – Christine Buchholz and Nicole Gohlke. As we reported above the LINKE leadership stated explicitly their solidarity with Israel and prohibited its functionaries support for a one-state in Palestine, calls to boycott Israeli commodities or the participation in Gaza solidarity convoys. As we also reported these decisions were adopted unanimously.

The question arises how such unanimity is possible since a number of IST members are in the leadership and the parliamentary group of this party. The reason is simply that the German IST leaders don't dare to vote against these reactionary pro-Zionist resolutions! Why don't they dare? Because it would mean, most likely, the immediate end of their toleration in the top ranks of the party by the reformist bureaucracy. This is what they – in encoded words – admit themselves publicly.

In a statement, the two German IST deputies Nicole Gohlke und Christine Buchholz wrote:

⁷³⁰ See Dave Stockton: The People's Assembly – a missed opportunity; in: Workers Power No. 274, April 2003, p. 5

⁷³¹ For a detailed analysis and critique of the RESPECT party project of the SWP see Luke Cooper: The Road to Respect: The SWP'S march to the right; in: Fifth International Vol. 1, No. 3, (2005)

“The decision (in the parliamentary group, MP) was taken unanimously. However, this ‘unanimity’ was achieved because approval for this was made indirectly a question of survival. Against this background have those deputies, who initially announced that they would vote against the resolution, have acted differently: some have left the room and therefore did not take part in the vote, others were present but did not participate in the vote and other voted reluctantly for the resolution. We have decided to leave the room. (...) Like many others in the parliamentary group we found ourselves in a tactical and political dilemma: should we have prevented a politically wrong decision and risk the split of the parliamentary group around a question, on which the left in Germany acts out of the defensive and which has become one of the most important points of attack by the bourgeois media and the competing parties? For us, it continues to be true, that the LINKE is the only party, which consistently opposes capitalism and war and therefore plays an internationally unique role. The price, to ruin this project, was too high.”⁷³²

⁷³² Letter from Nicole Gohlke und Christine Buchholz, reproduced at http://www.palaestina-portal.eu/kampagnenjournalismus_hasbara_jagd_auf_die_linke-2.htm (our translation)

The complete letter in German language original:

„Nicole Gohlke und Christine Buchholz. - Liebe Freundinnen und Freunde der Friedens- und Antikriegsbewegung, Liebe Bündnispartner/innen, Wahrscheinlich haben mittlerweile schon alle von der am letzten Dienstag gefassten Erklärung der Linksfraktion gehört oder gelesen - viele von Euch haben uns in den letzten Tagen angeschrieben oder angerufen - der Unmut und die Irritationen, die dieser Beschluss ausgelöst hat, sind beträchtlich. Zu recht. Die Erklärung ist deswegen so problematisch und aus unserer Sicht politisch falsch, weil er durch seine Überschrift und durch seine Kontextualisierung wichtige Aktivitäten der Palästina-Solidaritätsarbeit in den Zusammenhang mit Antisemitismus stellt.

Der Beschluss wurde einstimmig gefasst. Diese „Einstimmigkeit“ kam allerdings nur dadurch zustande, weil die Zustimmung indirekt zur Überlebensfrage der Fraktion gemacht wurde.

Vor diesem Hintergrund haben sich diejenigen Abgeordneten, die zunächst angekündigt hatten, gegen die Erklärung stimmen zu wollen, unterschiedlich verhalten: einige haben die Sitzung verlassen und somit gar nicht an der Abstimmung teilgenommen, andere waren zwar anwesend, haben aber nicht mitgestimmt, wieder andere haben zähneknirschend zugestimmt. Wir haben uns entschieden, den Raum zu verlassen.

Während der mehrstündigen und sehr emotional geführten Fraktionsdebatte begründeten die Kritiker/innen der Erklärung ihre Kritik damit,

- dass sie eine politisch verheerende Gleichsetzung oder zumindest Vermischung von Antisemitismus und Israel-Kritik betreibe,

- dass die Erklärung der in Zusammenarbeit von bürgerlicher Presse und antideutsch geprägten Gruppierungen in und um der LINKEN initiierten Kampagne gegen die LINKE, die die Partei als antisemitisch denunziert, Vorschub leiste,

- dass sie letztlich den Charakter eines Unvereinbarkeitsbeschlusses trage - auch vor dem Hintergrund, dass auch die Mitarbeiter/innen der Fraktion und die persönlichen Mitarbeiter/innen der einzelnen MdB aufgefordert werden, sich entsprechend zu verhalten,

- und schließlich dass sie insgesamt dem Charakter einer pluralen LINKEN zuwider laufe.

Wir bedauern und kritisieren daher, dass und wie es zu dem Beschluss gekommen ist. Wir wollen aber auch gerade Euch gegenüber betonen, dass wir froh sind, dass es so viele kritische Stimmen in der Fraktion gab, und dass ohne den massiven Druck des Vorstandes die Erklärung so nicht verabschiedet worden wäre.

Wie viele andere in der Fraktion befanden wir uns in einem taktischen und politischen Dilemma: verhindern wir einen politisch falschen Beschluss und riskieren wir eine Spaltung der Fraktion an einer Frage, in der die Linke aus der Defensive heraus agiert, und die zu einer der wichtigsten Angriffspunkte der bürgerlichen Medien und der konkurrierenden Parteien geworden ist?

Für uns ist weiterhin richtig, dass die LINKE die einzige Partei ist, die sich konsequent gegen Kapitalismus und Krieg stellt und so eine im internationalen Maßstab einmalige Rolle spielt. Der Preis, dieses Projekt an die

This letter is pathetic and unmasking in several ways. First, the IST authors claim that prevention of this pro-Zionist resolution would have “*risks the split of the parliamentary group*”. If this is true it shows that the IST prefers keeping unity with the reformist bureaucrats compared with a vote against a pro-Zionist denunciation of the Palestinian liberation struggle. In fact, as a report based on inside information reveals, the pro-Zionist leadership had a clear majority for their resolution anyway, but there were about 15 (out of 76) deputies, who didn’t want to vote for the resolution. The pro-Zionist leadership threatened to resign from its post and to leave the parliamentary group if the vote was not unanimous.⁷³³ As a result every single oppositional LINKE deputy caved in and either left the room or didn’t vote at all. They – including the IST deputies – couldn’t bear the responsibility of having “pushed” the pro-Zionist leadership

Wand zu fahren ist sehr hoch. Und für uns ist richtig, dass wir in diesem Sinne um eine internationalistische und antikapitalistische Ausrichtung der LINKEN kämpfen müssen. Wir wissen aber auch, dass es insbesondere die außenpolitischen Positionen sind, an denen der Anpassungsdruck auf linke Parteien im Sinne der „Regierungsfähigkeit“ am stärksten und als erstes entsteht, und dass für uns gelten muss, unser taktisches Dilemma aufzulösen, weil wir uns sonst schlicht erpressbar machen.

Hierbei ist wichtig zu wissen:

- Die Mehrheitsverhältnisse in der Partei sind anders als in der Fraktion. Der Verlauf der Programmdebatte, aber auch viele Aktivitäten in den verschiedenen Gliederungen der Partei machen deutlich, dass die LINKE unmissverständlich an der Seite der Friedensbewegung steht, und dass die Haltung, keinerlei Kriegseinsätzen zuzustimmen nicht zur Disposition steht.

Statt der Aufgabe oder der Anpassung von politischen Positionen mit Blick auf eine mögliche Regierungsbeteiligung 2013 diskutiert die Mehrheit der Partei die stärkere Profilbildung gegenüber den in der Oppositionsrolle rhetorisch linker auftretenden SPD und Grünen.

- Die Fraktion wird sich in den nächsten Monaten und Wochen weiter mit dem Nahost-Konflikt auseinandersetzen haben, weil absehbar mehrere Ereignisse der Palästina-Solidarität Aufwind verleihen werden: Der arabische Frühling verleiht auch dem palästinensischen Widerstand - auch jenseits von Fatah und Hamas - neue Hoffnung. Die Aktionen des zivilen Ungehorsams an der Grenze zu Syrien, die die israelische Regierung derzeit mit der grausamen Erschießung vor allem junger entschlossener Aktivist/innen beantwortet, sind ein erstes Zeichen dafür.

Im September soll ein palästinensischer Staat ausgerufen werden. Auf der selben Sitzung auf der der oben genannte Beschluss gefällt wurde, wurde ein Antrag beschlossen, in dem wir die Bundesregierung auffordern, den neuen Staat anzuerkennen. Hierfür werden wir streiten. Zugleich müssen wir die aufkommenden Probleme (Weigerung Israels, weitere Zersiedelung des Westjordanlands, etc.) kritisch begleiten, weil nicht unwahrscheinlich ist, dass die Staatsgründung an der Haltung Israels scheitern wird.

Und nicht zuletzt ist die internationale Palästina-Solidaritäts-Bewegung überaus aktiv: Ende des Monats startet auch unter Beteiligung Linker Europa Abgeordneter eine neue Flotille, die die Blockade des Gaza-Streifens durchbrechen will; am 08. Juli werden internationale Aktivist/innen versuchen mit der Aktion „Willkommen in Palästina“ mit gewaltlosem zivilem Ungehorsam die Einreise nach Palästina am Ben Gurion Flughafen zu erstreiten.

Natürlich werden wir und viele andere in der Fraktion weiterhin dafür streiten, dass die LINKE hier eine klare Haltung einnehmen muss, wenn sie glaubwürdig bleiben will. Doch nicht zuletzt brauchen wir Euch dabei, wenn es darum geht, die LINKE als Bündnispartnerin und Sprachrohr der Friedensbewegung weiterhin zu etablieren. Euer Engagement und Eure Aktivitäten sind Rückendeckung in der innerparteilichen Auseinandersetzung um die Ausrichtung der Partei. Darum auch ein Appell an Euch: lasst die Linksfraktion weiter wissen, was Eure Anregungen für das Engagement der LINKEN für einen gerechten Frieden in Nahost sind. Mit solidarischen Grüßen, Nicole Gohlke und Christine Buchholz.“

⁷³³ See Bruno Engelin: Linkspartei - Einstimmig mit Abweichlern. Bundestagsfraktion streitet über Antisemitismusbeschluss, 16.06.2011, <http://www.juedische-allgemeine.de/article/view/id/10595>

into resignation! The IST deputies proved their loyalty to party bureaucracy and subordinated to this pro-Zionist decision: since then they haven't expressed in public their support for a one-state solution and didn't participate in the Gaza flotilla (as deputies of ELP parties in other countries did).

Let us compare this cowardly attitude with other Marxist deputies: The German left-wing socialist deputies Karl Liebknecht and later Otto Rühle voted in 1914 (Rühle on 20.3.1915) against the war credits – in contrast to the rest of the social democratic parliamentary group which supported the war efforts of German imperialism. Several of them were opposed to the war in their hearts but they subordinated to the party discipline and voted for the war credits. Imagine, what Liebknecht and Rühle would have done if they would have applied the IST method! Certainly, voting against the war credits *“risked the split of the parliamentary group”*. But in opposite to the IST leaders, they didn't care about this. They put their principles above wrong loyalty to imperialism. Buchholz and Gohlke state that on the question of Israel *“the left in Germany acts out of the defensive and which has become one of the most important points of attack by the bourgeois media and the competing parties”*. Well, Liebknecht and Rühle certainly felt more pressure than the IST deputies, they certainly acted more *“out of the defensive”* and their opposition to the imperialist war certainly had become much more *“one of the most important points of attack by the bourgeois media and the competing parties”*. But contrary to the IST deputies, Liebknecht and Rühle remained loyal to their anti-imperialist principles and to Marxism in general.

Characteristically, the IST deputies began to adapt to the pro-Zionist pressure already years before the mentioned resolution of the LINKE leadership in 2011. IST deputy Nicole Gohlke published an article in 2009, in which she characterized a two-state solution as *“preferable”*. She noted only that she has *“doubts”* if Israel is prepared to accept *“a fair and just two-state solution”*.⁷³⁴

All this is a terrible sham for so-called *“revolutionary Marxists”*! The IST deputies Buchholz and Gohlke have, as deputies at least for four years, a perfect platform to agitate for solidarity with the Palestinian resistance and the smashing of the Israeli Apartheid state. Such an agitation would be heard by literally millions of people in Germany and around the world. Of course, they would most likely be immediately thrown out of the LINKE parliamentary group, remain deputies without a parliamentary group (like for example the left-reformist but certainly less cowardly RESPECT deputy George Galloway

⁷³⁴ Nicole Gohlke: Palästina-Solidarität heute; in: Der Israel/Palästina-Konflikt als Thema der politischen Bildung – Beiträge einer Arbeitstagung des Kurt-Eisner-Vereins – rls in Bayern, Studienreihe Zivilgesellschaftliche Bewegungen – Institutionalisierte Politik Nr.10/2009, p.16. The German language original: *„Wenn Staatenlösungen für Israel und Palästina diskutiert werden, wenn ein Zwei-Staaten-Konzept als wünschenswert konzipiert wird, bleibt immer zu fragen: Ist Israel bereit seine Grenzen zu definieren? Ist Israel bereit, auf eine weitere Expansion zu verzichten? So sehr eine faire und gleichberechtigte Zwei-Staaten-Lösung zu begrüßen ist, sind Zweifel an diesen Punkten bezüglich der israelischen Haltung angebracht.“*

in Britain) and they would face a hate campaign by the bourgeois, pro-Zionist media. And they would also, most likely, not have the chance to be nominated again as LINKE candidates at the next parliamentary elections. However since such positions are not a goal in itself for revolutionaries, it is certainly a price worth paying. Why? Because bold speeches by members of parliament in solidarity with the Palestinian resistance and against the existence of an Apartheid state would arouse mass sympathy in the whole world, it would give courage to build a mass movement in solidarity with the Palestinian resistance, etc. We mention here only the question of Palestine but it goes without saying that the IST similarly failed to take a consistent revolutionary policy on all other political questions of the class struggle in these years.

Superficially, these behaviors of the German IST deputies are in open contradiction to the IST statements on Palestine. Did the IST not repeatedly call in their papers for a one state solution in Palestine; did they not express their solidarity with the Gaza flotilla etc.?! Of course they did. For their radical supporters, for a militant audience, the IST is always willing to raise radical slogans. But if such slogans would endanger the final goal – recognition and incorporation as a junior partner of the labor bureaucracy – the IST leaders don't waste a second thought about dropping these slogans and subordinating themselves to the demands of the bureaucracy. This spirit of liquidationism and capitulationism becomes particularly obvious in the IST's opportunist approach to entrism in reformist parties.

The ex-Stalinist bureaucracy of the LINKE certainly rewards the loyalty of the IST leaders. In January 2013 Nicole Gohlke was nominated by the party leadership as one of the top 8 LINKE candidates for the coming federal elections.⁷³⁵ What a classic example that centrism adapts to the reformist bureaucracy and gets corrupted by the bourgeois state!

Trotsky once remarked that such a sort of political double-bookkeeping is characteristic of centrism:

*“The correspondence between words and deeds is a distinguishing mark of a serious revolutionary organization. For a serious revolutionary organization, the resolutions it adopts at its assemblies are not mere formalities, but the recorded result of the experiences it has accumulated in action, and a guide for its action in the future. For the centrists, a ‘revolutionary’ thesis, adopted on a ceremonial occasion, is meant to serve as a deceptive decoration, as a cover for irreconcilable divergences in their own ranks, as a cloak for their non-revolutionary deeds in the preceding period as well as in the period to come.”*⁷³⁶

All these examples reveal the following: The reformists sell their political

⁷³⁵ See Nicole Gohlke: Persönliches Statement von Nicole Gohlke zur Nominierung ins LINKE Spitzenteam zur Bundestagswahl, 23.1.2013, <http://www.nicole-gohlke.de/index.php/politik/die-linke/404-persoennesliches-statement-von-nicole-gohlke-zur-nominierung-ins-linke-spitzenteam-zur-bundestagswahl>

⁷³⁶ Leon Trotsky: Resolution on the Antiwar Congress of the London Bureau (1936), in: Documents of the Fourth International, New York 1973, p. 100

principles to the bourgeoisie in exchange for government posts and privileges. The centrists have the same petty-bourgeois merchant mentality. They sell their political principles to the labor bureaucracy and the academic state apparatus in exchange for one or another position in a reformist party, the parliament or in the universities. No doubt, the centrists are cheaper than the reformists. But since the former are usually smaller in numbers than the latter, this is hardly surprising.

CWI and their Capitulation to Imperialism

The CWI demonstrates their adaption to the labor bureaucracy since the start of the imperialists' "War on terror" by refusing to call for the defeat of the Great Powers and their allies and for the victory of the forces that fight them. As we will see, they pursue such a social-pacifist policy in a more open, unhidden way than, for example, the IST.

In 2002, the CWI leading figure, Peter Taaffe, presented their method in a long article. He explained that because of the supposed different consciousness of the working class, Marxists cannot raise the same anti-imperialist principled positions in colonial wars as the Trotskyists did in the 1930s. He argues that the masses in 1930s had much more sympathy for the Ethiopian kingdom than for the Taliban. Therefore, Taaffe concludes, the Fourth International was correct to defend the Ethiopian resistance under the leadership of the reactionary Haile Selassie regime. Today, however, workers in the imperialist countries would not understand defending the Afghan resistance under the reactionary Taliban leadership and hence Marxists – i.e. the CWI – should limit themselves to platonic opposition to war and occupation:

*"The masses in the 1930s would have understood little of the precise detail of the Haile Selassie regime. Moreover, Ethiopia was under attack by the fascist regime of Benito Mussolini at the time Trotsky was writing. Given the democratic illusions of the working class of Europe or the US in particular, together with the recent bloody example of what fascism would mean for them in the coming to power of Adolf Hitler and Mussolini, it was natural that the sympathies of the masses in the 1930s would be with Ethiopia against fascist Italy. The British and most of the European bourgeoisie together with the US, for their own imperialist strategic interests, also played on this sympathy for Ethiopia. It is nonsense to imply, however, as the sectarian organisations do by quoting these remarks of Trotsky, that the mass of the populations in most industrialised countries could take the same attitude today towards bin Laden and the Taliban."*⁷³⁷

Readers will probably see the similarity to the CWI argumentation at the time of the Malvinas war in 1982: British workers would not understand slogans like "Down with the war!", they would not understand a failure to defend the settler

⁷³⁷ Peter Taaffe: Afghanistan, Islam and the Revolutionary Left (2002), <http://www.socialistworld.net/pubs/afghanistan/afghanchp1.html>

“Falklanders” and certainly would not a support for the Argentine’s attempt to take back the islands. Hence, according to the CWI logic, it must not raise any consistent slogans against the British war and should even promise to continue the war “on a socialist basis” when the Labour Party comes to power.

Therefore, the CWI leader states unambiguously: *“To call baldly and crudely for the ‘defeat of US imperialism’ and its coalition allies as an agitational slogan is wrong.”*

Naturally, the CWI is faced with the problem that its position is in complete and obvious contrast to all statements of Lenin’s Communist International and Trotsky’s Fourth International about imperialist wars in the colonial world. So they claim that “in principle” they support the resistance of oppressed people against imperialism, but not the struggles of those, who are actually putting the resistance into practice. This is a model for “platonic anti-imperialism”: Resistance against imperialist occupation? Yes, of course, “in principle”. Support for those, who are fighting the imperialist occupation in Afghanistan, in Iraq or Palestine today? No, never, they are reactionary and workers in the West wouldn’t understand. This is the shameful policy of the CWI, as the following quotes from the same CWI document show:

“We clearly differentiate between the advanced imperialist countries and those in the colonial or the neo-colonial world. In general we still support the peoples in the neo-colonial world in the struggle against imperialist domination, particularly when this takes on the form, as it did in Afghanistan, of military intervention. In this case we were clearly on the side of the Afghani people and in the imperialist countries we opposed the war. Support for the Afghani people and their resistance against the armed incursions of imperialism is not the same as support for the Taliban, even if this support is ‘critical’, as some left organisations have posed it.”

So, Taaffe contrasts the CWI policy to those of principled anti-imperialists like our organization:

„If, therefore, we perceive this war as thoroughly reactionary on the part of imperialism, does this mean that we throw in our lot, albeit ‘critically’, with those who have allegedly ‘resisted’ the US juggernaut, namely bin Laden, his al-Qa’ida and the Taliban government? Unbelievably, this is the position of some small Trotskyist groups, such as Workers Power (our predecessor organization, MP) and the Morenoite LIT. The latter is largely based in Latin America. Their approach will find absolutely no echo amongst the world working class, particularly the proletariat in the developed capitalist countries. Nevertheless, because they utilised some of the past writings of Trotsky to justify their position during the war they could, and did in some instances, confuse and befuddle some young people and workers who came into contact with them. It is necessary, therefore, to deal with their arguments here as a means of clarifying the issues within our own ranks. They also show utter confusion on developments within ‘Islam’.”

It is only consistent that the CWI not only failed to support the Afghan resistance against imperialist occupation but also the resistance in Iraq, in

Lebanon in 2006 and in Palestine in 2008/09 and 2012 against Israel as well as in Mali in 2013.⁷³⁸ Lenin's emphasis in his report about the Thesis on the National and the Colonial Questions at the Second World Congress of the Communist International is completely alien to the CWI method: „*What is the cardinal idea underlying our theses? It is the distinction between oppressed and oppressor nations.*“⁷³⁹

Therefore, when the CWI sometimes slip in a little sentence like “*We support the right of the Palestinian people to defend themselves*”, it is nothing but a meaningless phrase. First, it is nothing but imperialist arrogance to allow the oppressed people “the right” to defend themselves. Secondly, it does not clearly state that an organization is committed to support this resistance and to call for mass support for it. Thirdly, as we said above, such formulations are intended to cover the fact that the CWI actually does not support the resistance which is coming from Hamas and other Islamists against Israel but which is the concrete form of Palestinian resistance today.

The IMT – which share the same method with the CWI – has a similar cowardly, social-pacifist approach. This is both true for the wars in Palestine as well as in Mali.⁷⁴⁰

To illustrate this point, we want to give the reader the following example. Let us imagine that we are not dealing with the Palestinian resistance against Israel's state terrorism but with a workers strike in Britain which is organized by a bureaucratic trade union like UNISON (or any other union). This union is forced under the pressure of the fierce attack of the bosses and the militant mood of the workers, to call an indefinite strike from this day on and which takes place in this and that enterprise in the cities X, Y and Z. It is the obvious duty of any revolutionary to support this strike, despite the bureaucratic leadership of the union, to call for the concrete support of this specific strike in all the enterprise and cities where it takes place. Let us now imagine, that the police attack the union leaders – or even tries to kill them. Again, despite all our criticism of the union leaders, only a traitor would deny them the complete and unconditional defence against the police.

Surely, CWI comrades would agree with such an attitude. But when the CWI has to deal with a political and military struggle for national liberation of an

⁷³⁸ See: CWI: Mali: French army intervention will amplify the chaos, 17/01/2013, <http://www.socialistworld.net/doc/6116>

⁷³⁹ V. I. Lenin: Report of the Commission on the National and the Colonial Questions (at the Second Congress of the Communist International 1920); in: LCW 31, p. 240

⁷⁴⁰ See e.g. Communist League of Action (IMT, Morocco): Why Marxists cannot support Islamic fundamentalism – the case of Hamas, 2.10.2007 <http://www.socialist.net/marxists-cannot-support-islamic-fundamentalism-hamas-2.htm>; Walter Leon (IMT): Stop Israel's massacre in Gaza! 31.12.2008, <http://www.marxist.com/stop-israels-massacre-in-gaza.htm>; Socialist Appeal (IMT): Stop Israel's massacre in Gaza! http://www.marxist.com/pdf/gaza_leaflet_sa_jan09.pdf; La Riposte (France, IMT): Imperialist intervention in Mali, 24.1.2013, <http://www.marxist.com/imperialist-intervention-in-mali.htm>; Roberto Sarti (IMT): Mali: The dangerous adventures of Hollande, 25.1.2013 <http://www.marxist.com/mali-the-dangerous-adventures-of-hollande.htm>

oppressed people and not with an economic strike in an imperialist country, they refuse such an unconditional solidarity. Imagine, an organization – faced with a workers strike in Britain – would limit itself to state: “*We support the right of the British workers to strike*” without calling to rally in support for the UNISON led strike on this and that! We would call them traitors. But this is exactly what the CWI is doing with the struggles of the oppressed people if they come into conflict with imperialist powers or their allies! The CWI’s failure in the anti-imperialist duty is a glaring example how a confused, blurred theory leads to a blurred, impotent tactic in the face of imperialist bullying and wars.

Leon Trotsky made a similar point when he remarked: “... *it is a bad Marxist who tries to fix common rules for imperialist France and colonial China. Not to distinguish oppressor countries from oppressed countries is the same as not to distinguish between the exploiting class and the exploited. Those who place imperialist and colonial countries on the same level, no matter what democratic phrases they might use to conceal this fact, are nothing but agents of imperialism.*”⁷⁴¹

Of course, Marxists must not lend any *political* support to Hamas or other forces as we stated in our declaration on the latest Gaza war. But this must not lead revolutionaries to deny support for the Palestinian resistance which today takes place under the leadership of Hamas.

“The RCIT condemns all those reformist forces (like most left-wing social democrats and ex-Stalinist parties) which criticize equally Israel and “terrorist organizations” like Hamas, which defend the right of existence for Israel (including centrists like the CWI) or which refuse to support the Palestinian resistance because it is led by petty-bourgeois Islamist forces like Hamas (including many other centrist groups based in the Western world like the IMT or the British AWL). Of course, revolutionary socialists don’t share an inch of the political goals of the petty-bourgeois leaderships of Hamas. However only a fool or a servant of imperialism can deny that this is a war between an oppressor state (Israel) and an oppressed people – the Palestinians! The Palestinians fight for their right to live and exist! Any left-wing organization which stands aside in this war, which refuses to support the struggle of the Palestinian resistance under its existing leadership against the Israeli aggression, under the pretext of secular democracy or socialism, betrays exactly such democratic and socialist principles!

*While we support the heroic struggle of the Palestinian fighters of Hamas, Islamic Jihad and other resistance organizations, we warn against any illusion in the petty-bourgeois leaderships of these organizations. The working class in Palestine and internationally need their independent fighting party for socialism. Forward in building a revolutionary workers party as part of a Fifth International based on a revolutionary program! Long live international solidarity!”*⁷⁴²

The CWI commits a characteristic failure of centrism: they call for the solidarity

⁷⁴¹ Leon Trotsky: *Petty-Bourgeois Democrats and Moralizers (1938-39)*; in: *Writings of Leon Trotsky, Supplement 1934-40*, p. 866

⁷⁴² *New Wave of Israeli terror against Gaza: Support the Palestinian Resistance! Defeat the Zionist killing machine! Statement of the Revolutionary Communist International Tendency (RCIT), 15.11.2012, www.thecommunists.net/worldwide/africa/defend-gaza*

with the victims but fail to support their concrete struggles for liberation. Trotsky's condemnation of the centrist politician Georg Ledebour, written in 1932, also hits well at the political failures of the CWI today:

"Nevertheless, Ledebour's position even on this question does not leave the precincts of centrism. Ledebour demands that a battle be waged against colonial oppression; he is ready to vote in parliament against colonial credits; he is ready to take upon himself a fearless defense of the victims of a crushed colonial insurrection. But Ledebour will not participate in preparing a colonial insurrection. Such work he considers putschism, adventurism, Bolshevism. And therein is the whole gist of the matter.

*What characterizes Bolshevism on the national question is that in its attitude toward oppressed nations, even the most backward, it considers them not only the object but also the subject of politics. Bolshevism does not confine itself to recognizing their "right" to self-determination and to parliamentary protests against the trampling upon of this right. Bolshevism penetrates into the midst of the oppressed nations; it raises them up against their oppressors; it ties up their struggle with the struggle of the proletariat in capitalist countries; it instructs the oppressed Chinese, Hindus, or Arabs in the art of insurrection and it assumes full responsibility for this work in the face of civilized executioners. Here only does Bolshevism begin, that is, revolutionary Marxism in action. Everything that does not step over this boundary remains centrism."*⁷⁴³

Socialist Zionism a la CWI

A particular form of adaption to social-imperialism is the CWI's (and its Israeli section's *Maavak Sozialisti*) support for the "socialist" two-state solution, i.e. the continuing existence of a separate "socialist" Jewish state Israel at the side of a "socialist" Palestinian state. Thus the last CWI World Congress in 2010 stated:

*"It is only through united mass movements of the working class and poor in Palestine, and in Israel, as well, that a solution will be found; opposing national oppression, the bosses' parties and imperialism; and bringing about real self-determination for Palestinians - for a socialist, democratic Palestine and a socialist Israel, as part of a equal and voluntary socialist confederation of the Middle East."*⁷⁴⁴

Surely, the CWI stresses that these two states must be socialist states. But this makes things even more muddled and nonsensical. How can you have a socialist solution without reversing the ethnic cleansing, without granting the 7.5 million Palestinian refugees the right to return to their home towns and villages?!⁷⁴⁵ As everyone knows this is among the deepest, most important

⁷⁴³ Leo Trotzki: Was nun? Schicksalsfragen des deutschen Proletariats (1932); in: Schriften über Deutschland, pp. 246-247; in English: Leon Trotsky: What Next? Vital Questions for the German Proletariat, <http://www.marxists.org/archive/trotsky/germany/1932-ger/next02.htm>

⁷⁴⁴ CWI: The crisis of capitalism and the naked role of imperialism are graphically manifested in the Middle East. Document No. 3, CWI 10th World Congress, 28.12.2010 <http://www.socialistworld.net/doc/4736>

⁷⁴⁵ On the number of Palestinian refugees see Yasser Shalabi: Palestinian Population, Movement and Statistics. Birzeit University Working Paper 2011/6, Position Papers Module (2011)

demands of the Palestinians and indeed of the whole Arab world. The CWI sometimes even acknowledges that the Arab working class supports the destruction of the Israeli Apartheid state. In the CWI book *"Marxism in today's World"*, its leader Peter Taaffe admits: *"We accept that many Arab workers have the hope that the Israeli state must be destroyed. It is an imperialist wedge against the Arab Revolution."* ⁷⁴⁶

Nevertheless, the CWI calls for a continuation of the Israeli state (on a "socialist basis") and therefore the continuation of the collective expulsion of the Palestinian people from their home territory. How does the CWI leadership justify such an awful ignorance of the wishes of the oppressed Palestinian people? By referring to the wishes of the Jewish-Israeli people, as the following quote shows:

"They will come to nothing as the Palestinian masses will not give up their demands for a separate state. Equally, the Israeli population will not accede to the demand that they form a possible minority in a 'common state'. To do so would mean that they would take the place of the oppressed Palestinians; this would be inevitable on a capitalist basis. Our demand for a socialist, democratic Palestine and a socialist Israel linked to a socialist confederation of the Middle East retains all its validity." ⁷⁴⁷

The same justification was expressed by Taaffe in another book where he polemicizes against supporters of a one-state solution:

"In effect, at the 2002 SSP conference, they accepted the Socialist Workers' Party's false slogan of 'a Palestinian state with minority rights for the Israelis'. Although at a subsequent conference this position was watered down, nevertheless, in the SSP newspapers and the public statements of leading SSP members, the idea of a Palestinian state with minority rights for Israelis still appears. Such an abstract slogan would never be accepted by the Israeli population, with the implication that their own separate state would be liquidated and they would be forcibly incorporated into another, 'Palestinian state'." ⁷⁴⁸

So we see that the CWI accepts the continuation of the collective expulsion of the Palestinian people because – so it guesses – the settler people do not wish to give up their privileges. It puts the wishes of the oppressed nation (the Palestinians) on an equal level with the wishes of the oppressor nation (the Israeli Jews). This transforms socialist internationalism as a strategy for national liberation into a reactionary strategy for justification of national oppression. Does anyone seriously believe that the Palestinian refugees would be liberated if you only put the word "socialist" before the impoverished Gaza and West Bank alongside the rich "socialist" Israel?!

⁷⁴⁶ Peter Taaffe: *Marxismus heute. Antworten auf Krieg, Kapitalismus und Umweltzerstörung* (2006), p. 40; We are quoting and translating from the German translation since we don't possess the English-language original of *„Marxism in today's World“*.

⁷⁴⁷ CWI: *World Relations*. Document No. 1, CWI 10th World Congress, 26.12.2010 <http://www.socialistworld.net/doc/4735>

⁷⁴⁸ Peter Taaffe: *A socialist World is possible - the history of the CWI*, 31.08.2004 <http://www.socialistworld.net/doc/4779>

In fact, the CWI's socialist Zionism is nothing but a capitulation to the aristocratic prejudices and material privileges of sectors of the Jewish population in Israel. It completely empties the revolutionary content of Lenin's strategy of national liberation. For him, as for all Marxists, the right of national self-determination was the revolutionary answer against national oppression and an integral part of the total strategy of socialist revolution.

*"That is why the focal point in the Social-Democratic programme must be that division of nations into oppressor and oppressed which forms the essence of imperialism, and is deceitfully evaded by the social-chauvinists and Kautsky. This division is not significant from the angle of bourgeois pacifism or the philistine Utopia of peaceful competition among independent nations under capitalism, but it is most significant from the angle of the revolutionary struggle against imperialism. It is from this division that our definition of the "right of nations to self-determination" must follow, a definition that is consistently democratic, revolutionary, and in accord with the general task of the immediate struggle for socialism."*⁷⁴⁹

In the Marxist understanding the right of national self-determination is thus *the right of oppressed nations*. It cannot and does not imply the "right" of an oppressor nation to continue the national oppression. Lenin was absolutely unambiguous about this:

*"The right of nations to self-determination implies exclusively the right to independence in the political sense, the right to free political separation from the oppressor nation. (...) It implies only a consistent expression of struggle against all national oppression."*⁷⁵⁰

We do not deny the difficulties of overcoming the reactionary prejudices of many Jewish Israeli workers since they are based on concrete aristocratic material privileges. However, the solution can hardly be to put the wishes to remove national oppression of the Palestinian majority population (in addition to the same wishes of hundreds of millions of Arabs) on the same level as the wishes of a small, extremely privileged settler people (the Israeli Jews). Neither do we put the wish of a man to rape a woman and the wish of the woman to avoid this on the same level. We don't look for a compromise between these two wishes. Neither do we look for a compromise between a settler people and an expelled people.

It is obvious that the CWI applies such a reactionary method on the national question where the interests of imperialism and of aristocratic privileges of oppressor nations are involved.

This is like the CWI's support for the British claim of Argentina's Malvinas islands because of "right of national self-determination" of 1,800 colonial settlers. In this context one should also mention the CWI's reactionary support "for self-determination" of the pro-British Protestant minority in Northern

⁷⁴⁹ V.I.Lenin: The Revolutionary Proletariat and the Right of Nations to Self-Determination, in: LCW 21, p. 409

⁷⁵⁰ V.I.Lenin: The Socialist Revolution and the Right of Nations to Self-Determination, in: LCW 22, p. 146

Ireland against the wishes for unification of Ireland by the whole Irish nation.

As we said, we do not deny the huge obstacles to break the majority of the Jewish Israeli workers from Zionism. In fact they will most likely do so only as the last in the region, as a result of successful national and social liberation struggles by the Arab, Berber and Kurdish working class and oppressed in the whole Middle East. Only if the Jewish Israeli workers break with their aristocratic prejudices – which many of them probably will when they are faced with the impending destruction of their Apartheid state by a wave of successful workers and peasants revolutions in the Arab world – only in this case can they be won to socialism. This should be obvious since one of the most important pillars of socialism is the liquidation of all forms of national oppression and the absolute equality between nations. Such a national equality is impossible without overcoming the terrible situation of the Palestinian people of which the absolute majority are refugees. This means the right to return to their homes. It is a grotesque illusion of the CWI to hope to win the Jewish Israeli workers for socialism without breaking them away from their reactionary settler mentality!

In fact, socialism is the only possibility for a real national liberation. Why? Because the unconditional right to return of the Palestinian people to what is today Israel necessitates the expropriation of the capitalist class (which today is of course mostly of Jewish-Israeli origin). Only if the enterprises are nationalized under workers control (the working class of course would be in its majority Palestinian workers), only if the land is nationalized and controlled by the working people (again, most of them would be Palestinians), only under such circumstances can a controlled and regulated transfer of wealth and resources to the Palestinian people take place. Only under such a socialist Palestine state can new homes be built for the returning population, jobs can be created and land can be given to the Palestinian peasants. Such a socialist Palestine would not expel the Jewish settlers. If they are prepared to accept the loss of their aristocratic privileges, if they are prepared to accept their status as a national minority with minority rights, if they are prepared to accept the Palestinian people as equals, then they can continue to live in Palestine.

For this reason, by the way, is the slogan of a single democratic state in Palestine a petty-bourgeois illusion. A “democratic” Palestine would be a bourgeois-democratic and therefore a capitalist Palestine. There would naturally be a continuation of massive inequality in favor of the already wealthy Israel Jews and to the disadvantage of the Palestinians. These are the lessons of South Africa after the fall of Apartheid in 1994.

Unfortunately, the CWI is incapable of supporting such a strategy of national liberation against Zionism as part of the struggle for the socialist revolution in the region. As a result of their adaption to social-imperialism they are incapable of supporting the Palestinian liberation struggle – as many other liberation struggles in the world – under its concrete form today. Thus they fail one of

the most important principles of Marxism. They are – as Trotsky said – “lackeys, apologists, agents of the imperialists, of the slaveholders”:

“Capitalist brigands always conduct a “defensive” war, even when Japan is marching against Shanghai and France against Syria or Morocco. The revolutionary proletariat distinguishes only between wars of oppression and wars of liberation. The character of a war is defined, not by diplomatic falsifications, but by the class which conducts the war and the objective aims it pursues in that war. The wars of the imperialist states, apart from the pretexts and political rhetoric, are of an oppressive character, reactionary and inimical to the people. Only the wars of the proletariat and of the oppressed nations can be characterized as wars of liberation (...)

The League of Nations is the citadel of imperialist pacifism. It represents a transitory historical combination of capitalist states in which the stronger command and buy out the weaker, then crawl on their bellies before America or try to resist; in which all equally are enemies of the Soviet Union, but are prepared to cover up each and every crime of the most powerful and rapacious among them. Only the politically blind, only those who are altogether helpless or who deliberately corrupt the conscience of the people, can consider the League of Nations, directly or indirectly, today or tomorrow, an instrument of peace. (...)

*Whoever directly or indirectly supports the system of colonization and protectorates, the domination of British capital in India, the domination of Japan in Korea or in Manchuria, of France in Indochina or in Africa, whoever does not fight against colonial enslavement, whoever does not support the uprisings of the oppressed nations and their independence, whoever defends or idealizes Gandhism, that is, the policy of passive resistance on questions which can be solved only by force of arms, is, despite good intentions or bad, a lackey, an apologist, an agent of the imperialists, of the slaveholders, of the militarists, and helps them to prepare new wars in pursuit of their old aims or new.”*⁷⁵¹

Is Revolutionary Defeatism too much for the Working Class? On the CWI' and IMT's Falsification of Lenin's and Trotsky's Method

Both the CWI as well as the IMT consistently try to falsify Lenin's and Trotsky's approach to the question of revolutionary defeatism. We have already shown on several issues that they refused to take the side of the oppressed people who are struggling against the imperialists and we will not repeat these arguments here. Here we want to deal with another argument of the CWI and IMT leaders. They claim that for Lenin and Trotsky revolutionary defeatism was only an idea for small circles of Marxists but not for the masses. Secondly, they claim that Trotsky's defense of “semi-fascist” Brazil against “democratic” Britain was

⁷⁵¹ Leon Trotsky: Declaration to the Antiwar Congress at Amsterdam (1932), in: Writings 1932, p. 153 (emphasis in original)

a “hypothetical example” with no relevance for today.

Let us first present the arguments of our centrist opponents: The CWI leaders write:

“Yet the ultra-left sects of today, determined to demonstrate their intransigent ‘Marxist’ approach, continue to advance slogans based on their misconception of ‘defeatism’. Even they – confused as they are – do not claim that they have the support of a majority of the working class. But how do they think they can win a majority to oppose the war aims of British capitalism, to force the Tories to abandon their military adventure? Apparently, they believe it can be done by support for the Junta, when most workers have an instinctive hatred for what they see as a ‘fascist’ regime, and an understandable desire to see it defeated. The Tories, of course, are cynically exploiting the workers’ anti-fascist feelings; but support for the Junta would put Marxists beyond the pale in the eyes of workers, leaving the Tories free hypocritically to capitalise on the ‘fight against fascism’.

The pseudo-Marxists also believe, it seems, that support for a socialist opposition to the war can be won through a policy which abandons the Falkland Islanders to the tender mercies of the Junta, writing off their rights in favour of the Junta’s legalistic claim to the land under their feet.

The most monstrous absurdity of the sects’ position, however, is the idea that workers can be won to a socialist position on the basis of calling for the defeat of the Task Force, calling literally – as representatives of the sects have stated in public – for “the sinking of the fleet”! They are in favour of the slaughter of workers in the ranks of the navy and army, and on this basis they will win mass support from the working class! This is a travesty of Marxism which, in so far as it has any effect at all, can only play into the hands of the Tories and Labour’s right, allowing them to portray ‘Marxists’ as idiots who support the Argentinean junta.”⁷⁵²

IMT leader Alan Woods presents a very similar line of argument:

“The difference between abstract politics and the dialectical method is shown by the evolution of Lenin’s position on revolutionary tactics in the period 1914 to 1917. In August 1914, the split in the 2nd International created an entirely new situation. In the light of the unprecedented betrayal of the Social Democracy, it was necessary to regroup and re-educate the small and isolated forces of Marxism internationally. Lenin in this period laid heavy emphasis on the basic principles of revolutionary internationalism, above all the impossibility of returning to the old International, and implacable opposition to all forms of patriotism (revolutionary defeatism). In order to combat the doubts and vacillations of the Bolshevik leaders, Lenin gave the sharpest possible expression to these ideas, such as “turn the imperialist war into civil war,” and “the defeat of one’s own bourgeoisie is the lesser evil.” It is arguable that, on occasion, he exaggerated. It would not be the first time that, in order to “straighten the stick,” Lenin bent it too far in the other direction. On the fundamental issues, there is no doubt whatever that Lenin was right. But unless we understand his method, not just what he wrote but why he wrote

⁷⁵² Socialist Party (CWI): Falklands war: what lessons for the labour movement? In: Socialism Today, No 108, April 2007, <http://www.socialismtoday.org/108/falklands.html>

it, we can end in a complete mess.

Ultra-left and sectarian groups always repeat Lenin's words without understanding a single line. They take his writings on war as something absolute, outside of time and space. They do not understand that, at this time, Lenin was not writing for the masses, but for a tiny handful of cadres in a given historical context. Unless we understand this, we can make a fundamental mistake. In order to combat chauvinism, and stress the impossibility of any reconciliation with the Social Democracy, and particularly its left wing (Kautsky and the "centre"), Lenin used some formulations which were undoubtedly exaggerated. Such exaggerations, for example, led him to characterise Trotsky's position as "centrism" which was entirely incorrect. Endless confusions have arisen from the one sided interpretation of Lenin's position of this period.

When Lenin returned to Russia after March 1917, he fundamentally modified his position. Not that his opposition to the imperialist war was any less, or his opposition to social chauvinism any less implacable. He continued to be vigilant with regard to any backsliding on the part of the Bolshevik leaders on the question of the war. But here it was no longer a question of theory, but of the living movement of the masses. Lenin's position after March 1917 bore little resemblance to the slogans he had advanced earlier. He saw that, in the concrete circumstances, the mass of the workers and peasants had illusions in "the defence of the Revolution," as they understood it. It was absolutely necessary to take this into account, if the Bolsheviks were to connect to the real mood of the masses. If Lenin had maintained the old position, it would have been merely doctrinaire. It would have entirely cut the Bolsheviks off from the real movement of the workers and peasants. Only hopeless sectarians and doctrinaires could fail to see the difference.

In a speech to the delegates of the Bolshevik faction of the Soviets, Lenin explained:

"The masses approach this question not from the theoretical but from a practical point of viewpoint. Our mistake lies in our theoretical approach. The class conscious proletariat may consent to a revolutionary war that actually overthrows revolutionary defencism. Before the representatives of the soldiers the matter must be put in a practical way, otherwise nothing will come of it. We are not at all pacifists. The fundamental question is: Which class is waging the war? The capitalist class, tied to the banks cannot wage any but an imperialist war. The working class can. (Lenin, Collected Works, Vol. 20, p. 96.)."

As a matter of fact, the slogans of "revolutionary defeatism" played no role in preparing the masses for the October revolution."⁷⁵³

Hardly any sentence of these centrist social-pacifists makes sense. These bigmouths, who laugh about the "ultra-left sects", neither understand Lenin's and Trotsky's position nor historical facts. They say that the majority of the working class does not understand and does not support a revolutionary defeatist position. The workers "would not have abandoned the Falklanders". One could never win the workers by calling for the defeat of "their army" and

⁷⁵³ Alan Woods: Marxism and the State, International Marxist Tendency, December 2008, <http://www.marxist.com/marxism-and-the-state-part-one.htm>

“their country”. And, Lenin himself is said to have dropped defeatism in 1917.

It is certainly true that at the beginning of the World War I and even for a longer period during the war, the majority of the working class might not have been won for a revolutionary defeatist position. One could equally say that at the beginning of a revolutionary situation and maybe even during the whole phase, the majority of the working class might not be won for a revolutionary socialist program. The fearful centrists draw from this real possibility the conclusion that they should not openly argue for a revolutionary defeatist position or a revolutionary socialist program. The Marxists know that if their organization is in a minority they must even more energetically and patiently explain their revolutionary policy. Instead of dropping the central ideas of the program they must be resolutely defended, propagated and explained. The whole argument, that “the workers don’t understand a defeatist position”, just indicates that the task of Marxists to convince the workers of their interests is still not accomplished. But the centrists a la CWI and IMT are what Lenin called in *What Has To Be Done* as “*chvostists*”, i.e. tailists. They adapt to the reformist labor bureaucracy and excuse this by referring to the temporary, often backward, political consciousness of the working class today. Instead of this, the task of Marxists is to serve the interests of its liberation struggle and to argue for the necessary tasks to accomplish this.

The fact that the majority of the working class supports the defence of its imperialist fatherland at the beginning of a major war, is no historic exception. It is rather the rule, as Lenin and Trotsky explained repeatedly. When he summarized the experience of the Bolsheviks during the World War I, Lenin wrote in 1922 about the policy towards the workers movement concerning a coming war: “*We must take special pains to explain that the question of “defence of the fatherland” will inevitably arise, and that the overwhelming majority of the working people will inevitably decide it in favour of their bourgeoisie.*”⁷⁵⁴

Trotsky also emphasized this idea in his *Transitional Program* in 1938: “*At the beginning of the war the sections of the Fourth International will inevitably feel themselves isolated: every war takes the national masses unawares and impels them to the side of the government apparatus. The internationalists will have to swim against the stream.*”⁷⁵⁵

But what did Lenin and Trotsky conclude from this? That one should not call for the defeat of one’s own imperialist fatherland? Hardly! Lenin rather stressed – continuing his reasoning in the quote just mentioned:

“*Therefore, first, it is necessary to explain what “defence of the fatherland” means. Second, in connection with this, it is necessary to explain what “defeatism” means. Lastly, we must explain that the only possible method of combating war is to preserve existing, and to form new, illegal organisations in which all revolutionaries taking*

⁷⁵⁴ V.I. Lenin: Notes on the Tasks of our Delegation at The Hague (1922); in: LCW 33, p. 447

⁷⁵⁵ Leon Trotsky: The Death Agony of Capitalism and the Tasks of the Fourth International. The Transitional Program (1938); in: Documents of the Fourth International, New York 1973, p. 200

*part in a war carry on prolonged anti-war activities—all this must be brought into the forefront.”*⁷⁵⁶

Likewise, Trotsky did not conclude from the difficulties of the revolutionaries in swimming against the stream to drop revolutionary defeatist positions, but he rather confirmed these principles in the program of the Fourth International:

*“The fundamental content of the politics of the international proletariat will consequently be a struggle against imperialism and its war. In this struggle the basic principle is: “the chief enemy is in your own country” or “the defeat of your own (imperialist) government is the lesser evil.” (...) It will be the duty of the international proletariat to aid the oppressed countries in their war against oppressors. The same duty applies in regard to aiding the USSR, or whatever other workers’ government might arise before the war or during the war. The defeat of every imperialist government in the struggle with the workers’ state or with a colonial country is the lesser evil.”*⁷⁵⁷

Furthermore, if the majority of the working class still rallies to the defence of its imperialist fatherland, the task of Marxists is first to win and consolidate the vanguard of the class for a revolutionary defeatist position. The Bolsheviks certainly focused in 1914-16 to win over the vanguard to a consistent revolutionary defeatist position while at the same time they tried to influence as much as possible the mass of the workers in such a direction. Only after they achieved the revolutionary consolidation of the vanguard, could they start to conquer the masses.⁷⁵⁸ But the CWI and the IMT never even tried to win the vanguard for revolutionary defeatism. They excuse themselves by referring to the problem that “the workers don’t understand this”. As if the CWI and the IMT would be confronted with the task of winning the majority of the working class! They never were nearly as strong as the Bolsheviks were even in their weakest phase! Before they cudgel their brain about the challenge to win the majority of the working class, they should try to win a few thousand vanguard workers for revolutionary defeatism in a war! They did not and they could not. Why? Because they themselves, the leaders and probably many amongst their membership who were trained for years in opportunism, did not share a Marxist position on the imperialist war! This is the truth that the CWI and IMT leaders try to hide behind their phrases on what the workers understand and don’t understand!

Therefore when the CWI and IMT leaders say that Lenin formulated politics only for “small circle of Marxists” we reply: “leaving aside that this is not true (as we will show below), even if he did only this, he did more than you because you don’t even win your own “small circle of Marxists” for revolutionary defeatism!”

⁷⁵⁶ V.I. Lenin: Notes on the Tasks of our Delegation at The Hague (1922); in: LCW 33, p. 448

⁷⁵⁷ Leon Trotsky: The Death Agony of Capitalism and the Tasks of the Fourth International, p. 200 (emphasize in the original)

⁷⁵⁸ See on this Lenin’s remarks at a meeting after the III. Congress of the Comintern in 1921: Reden auf der Beratung der Mitglieder der deutschen, polnischen, tschechoslowakischen, ungarischen und italienischen Delegation, in: LW Ergänzungsband 1917-23, p. 333

But, as we said, even their presentation of Lenin's policy during the World War I is a historic falsification. The Bolsheviks raised the slogans of defeatism not only in letters and theoretical contribution but in their public declarations which were distributed illegally in the factories. In their first public Manifesto *The War and Russian Social-Democracy* written in September 1914, their Central Committee declared to the working class:

"But to us Russian Social-Democrats there cannot be the slightest doubt that, from the standpoint of the working class and of the toiling masses of all the nations of Russia, the defeat of the tsarist monarchy, the most reactionary and barbarous of governments, which is oppressing the largest number of nations and the greatest mass of the population of Europe and Asia, would be the lesser evil." They concluded: *"The conversion of the present imperialist war into a civil war is the only correct proletarian slogan."*⁷⁵⁹

Let us remind how the CWI/IMT justified its failure to call for immediate withdrawal of the British Navy and an end of the war during the Malvinas adventure of the Tory government. They argued: *"To force the withdrawal of the Task Force would have involved the organization of a general strike, which itself would have posed the question of the coming to power of a socialist government. Yet at the outset of the war, such a demand would have received no support from the British workers. (...) Nor would the call to stop the war or to withdraw the fleet have provided a basis even for a mass campaign of demonstrations, meetings and agitation."*⁷⁶⁰

The Bolsheviks acted very differently. Alexander Shlyapnikov, one of its leaders during the war period, reported in his recollection of the Bolsheviks work during World War I about the party's anti-war agitation on the streets and in the factories. He quotes from a leaflet, issued by the Petersburg Committee of the party at the beginning of the war:

*"Down with the war!" "War on war!" must roll powerfully across city and hamlet alike across the width of our Russia. Workers must remember that they do not have enemies over the frontier: everywhere the working class is oppressed by the rich and the power of the property-owners. Everywhere it is oppressed by the yoke of exploitation and the chains of poverty. (...) Without having time to wash workers' blood off the streets of Petersburg and only yesterday branding all of working-class Petersburg as well as all the workers of Russia as "enemies within" against whom savage cossacks and mercenary police went into action, they now call for the defence of the fatherland. Soldiers and workers! You are being called on to die for the glory of the cossack lash and for the glory of a fatherland that shoots starving peasants and workers and strangles its best sons in prison. No, we don't want the war, you must declare. We want the freedom of Russia. (...) Down with the war, down with the tsarist government! Long live the revolution!"*⁷⁶¹

In another leaflet, in autumn 1914, they called the workers to organize

⁷⁵⁹ V.I. Lenin: *The War and Russian Social-Democracy* (1914); in: LCW 21, pp. 32-34

⁷⁶⁰ Peter Taaffe: *The Rise of Militant*, London 1995, Chapter 20 "The Falklands/Malvinas War", <http://socialistalternative.org/literature/militant/>

⁷⁶¹ Alexander Shlyapnikov: *On the Eve of 1917* (1923), <http://www.marxists.org/archive/shliapnikov/1923/eve1917/index.html>

themselves and get arms for the coming struggle.⁷⁶²

Contrary to the historic falsifications of the CWI and IMT centrists, Lenin emphasized the need to explain the revolutionary defeatist positions not only to the vanguard but also to the masses. This was one of the reasons why he considered the work of the Bolsheviks deputies in the Duma and their role in the trial against them after their arrest as important. He even criticized them for not defending the revolutionary defeatist position strongly enough. Nevertheless, he praised the outcome of the trial for spreading the revolutionary words about “turning the guns against the imperialist government” to the masses:

*“The facts show that, in the very first months after the outbreak of the war, the class-conscious vanguard of the workers of Russia rallied, in deeds, about the Central Committee and the Central Organ. However unpleasant this fact may be to certain “groups”, it is undeniable. Thanks to the trial, the words cited in the indictment: “The guns should be directed, not against our brothers, the wage slaves of other countries, but against the reactionary and bourgeois governments and parties of all countries” — these words will spread — and have already done so — all over Russia as a call for proletarian internationalism, for the proletarian revolution. Thanks to the trial, the class slogan of the vanguard of the workers of Russia has reached the masses.”*⁷⁶³

Alan Woods claims that Lenin “fundamentally modified his position” in 1917 and that “the question of the war ... was no longer a question of theory, but of the living movement of the masses.” In fact the question of the war was, already before 1917, not only a question of theory but also of the “living movement of the masses”. But the masses themselves had changed. While they were relatively backward and passive in 1914-17, they staged a revolutionary uprising in February 1917 and overthrew the Tsarist regime. Out of this emerged a new government which was heavily reliant on the revolutionary masses and in which these masses had massive illusions at the beginning. The masses became – as Lenin termed it – “honest fatherland defender” because they wanted to defend their revolution. This is why the Bolsheviks concretized the slogans to the new situation without however dropping revolutionary defeatism as the centrists suggest.

None of these specifics of the Russian Revolution in 1917 is relevant to the situation in Britain during the Malvinas War in 1982 or any other war since then. Neither was there a revolutionary situation, nor did the masses want to defend a revolution, nor did the CWI or the IMT have any influence amongst the masses like the Bolsheviks had. In addition, Britain was not involved in an inner-imperialist war where revolutionaries stood – like the Bolsheviks during the World War I – for the defeat of both sides but rather in imperialist wars against semi-colonial countries. In such wars – as the Fourth International stated in its *Transitional Program* – “the duty of the international proletariat is to aid

⁷⁶² See the historic notes in W.I.Lenin: *Sämtliche Werke* Band XVIII, Wien-Berlin 1929, S. 493. This leaflet is also mentioned in Shlyapnikov's recollection.

⁷⁶³ V.I. Lenin: What has been revealed by the Trial of the Russian Social-Democratic Labour Duma Group (1915); in: LCW 21, p. 176

the oppressed countries in their war against oppressors."

However, instead of understanding the Fourth International's method, the centrists continue their attempt to falsify Trotsky's position on imperialist wars in the colonial world. This is how they relativize Trotsky's principle of the defense of semi-colonial countries against imperialism:

"Not content with distorting Lenin, the sects also drag Trotsky in to support their ludicrous position. Did not Trotsky say just before the Second World War – the sects argue – that, in the event of war between Britain and Brazil, "in this case I will be on the side of 'fascist' Brazil against 'democratic' Great Britain". Trotsky made this remark in 1938 in an interview with Mateo Fossa, the leader of Trotsky's supporters in (as it happens) Argentina. (The interview is published in Writings of Leon Trotsky, 1938-39, pp31-36)

Again, the pseudo-Marxists have taken Trotsky's remarks completely out of context, without analysing the situation or Trotsky's reasoning. He was obviously dealing with a hypothetical case. But he formulated his position sharply in this way in order to counter the idea, then being peddled by the Stalinist leadership of the Comintern and the world's 'Communist' Parties, that the struggle of 'democracy' against 'fascism' should take priority over a revolutionary struggle against imperialism. In the interests of the Russian bureaucracy's diplomatic deals with the ruling classes of the capitalist democracies, the revolutionary struggle internationally was postponed indefinitely.

Trotsky explained that in the coming world war – which he clearly predicted from the middle of the 1930s – the capitalist class, if faced with an aggravated crisis and mounting opposition to their rule, could easily throw off its democratic mask and resort to totalitarian, fascist forms of rule. On the other hand, in colonial or semi-colonial countries, the war could stimulate revolutionary movements of the workers and exploited peasantry which could topple fascist regimes.

*In the case of war between Britain and Brazil, "If England should be victorious, she will put another fascist in Rio de Janeiro, and will place double chains on Brazil. If Brazil, on the contrary, should be victorious, it would give a mighty impulse to national and democratic consciousness of the country and will lead to the overthrow of the Vargas dictatorship. The defeat of England will at the same time deliver a blow to British imperialism and will give an impulse to the revolutionary movement of the British proletariat". (p34) Even in this hypothetical case, Trotsky clearly analysed the probable processes and the alternative perspectives which would be opened up. Yet faced with a real war in the South Atlantic at the present time, the pseudo-Marxist sects are incapable of analysing the actual class interests or processes involved."*⁷⁶⁴

The CWI says that "Trotsky's remarks deal with a hypothetical case." This is true. He said it himself. But what do they want to suggest? Do they mean that in concrete, real wars Trotsky was not prepared to defend semi-colonial countries, which had a reactionary regime at its top, against imperialism?! But Trotsky also defended China under the reactionary Chiang Kai-shek against Japan and

⁷⁶⁴ Socialist Party (CWI): Falklands war: what lessons for the labour movement? In: Socialism Today, No 108, April 2007, <http://www.socialismtoday.org/108/falklands.html>

Ethiopia under King Haile Selassie against Italy!

They suggest that Trotsky's position was influenced by the possibility that *"the capitalist class, if faced with an aggravated crisis and mounting opposition to their rule, could easily throw off its democratic mask and resort to totalitarian, fascist forms of rule."* Do the CWI leaders seriously want to suggest that if they could not easily throw off its democratic mask and resort to fascism, Trotsky would have rather not defend Brazil?! What an absurd suggestion! As we have shown above Lenin, Trotsky and the Communist International also supported anti-colonial rebellions under Islamist and dictatorial leaderships against "democratic" imperialist France and Britain! And in opposition to the CWI suggestions, this principled anti-imperialist position was also in no way related to the possibility of another world war in the near future.

The CWI writes that *"in colonial or semi-colonial countries, the war could stimulate revolutionary movements of the workers and exploited peasantry which could topple fascist regimes."* Yes, indeed this is what happened in Argentina in 1983 after the Malvinas War. Again, this is hardly an argument that Trotsky's anti-imperialist method is not applicable today!

So we see that the CWI's and the IMT's interpretation of the classic Marxist position on revolutionary defeatism is based on a thorough falsification. It is however not an accidental falsification. The whole tradition of Ted Grant, which shaped both the CWI of Peter Taffee and the Alan Woods IMT, is marked by the systematic adaption to the ideological prejudices of the reformist bureaucracy. Hence the CWI/IMT nonsense of the peaceful transformation of capitalism into socialism, the strange idea of the possibility of such a transformation via a "socialist majority" in the bourgeois parliament, the characterisation of police men and women as "workers in uniform" and so on.⁷⁶⁵ This extreme right-wing opportunism also naturally finds its expression in the issue of imperialist wars which is one of the sharpest forms of class contradictions.

CMR/IRMT: Rejection of Anti-Imperialism in ultra-left Clothes

The British-based *Committee for Marxist Revival* (CMR), and its main component, the exiled *Iranian Revolutionary Marxists' Tendency* (IMRT), follows a tactic in conflicts between imperialism and semi-colonies which *sounds* more left-wing than those of the CWI/IMT but in its practical conclusions comes to the same result. It is no coincidence, that the CMR was part of Alan Wood's IMT for years.

As we showed in chapter 9, the CMR/IRMT claims that Lenin's and Trotsky's division of the world into imperialist and (semi-)colonial, oppressor and

⁷⁶⁵ See on this e.g. Michael Pröbsting: *Five days that shook Britain but didn't wake up the left. The bankruptcy of the left during the August uprising of the oppressed in Britain: Its features, its roots and the way forward*, in: *Revolutionary Communism* No. 1, pp. 30-31 (September 2011), <http://www.thecommunists.net/theory/britain-left-and-the-uprising/sp-and-committee-for-a-workers-international>

oppressed countries is no longer accurate today. They conclude from this – as they emphasized in a polemic against the RCIT in early 2012:

*“Therefore, when a country is threatened in some way, the international left should not look to defend the national sovereignty or territorial integrity of these countries.”*⁷⁶⁶

This meant that in the wars of the last two decades the IRMT refused to defend the countries under attack by imperialism:

*“In 1990-91 we did not side with the Baathist regime against US imperialism. We backed the Iraqi masses against both imperialism and its local stooge.”*⁷⁶⁷

Similarly, the IRMT claims that it was wrong to defend Iraq in 2003 against the US attack or to defend Iran against a possible future attack by the USA and/ or Israel.

“In places like Iraq or Iran, therefore, the working class should lead the masses in forming an independent third camp – neither with its ‘own’ bourgeoisie in defence of a ‘national interest’, nor with imperialism. This is a united front of the workers and all exploited and oppressed layers in society. It should not only be anti-imperialist but also fight for the overthrow of capitalism through posing transitional demands like workers’ control.

*It would call on all international leftwing or progressive organisations to lend it support to make this independent and truly revolutionary front a real alternative to the other two camps. Instead of calling for workers to join the army of the reactionary stooge bourgeoisie the Marxists should call on workers who are drafted into the army to shoot their officers, to form soldiers’ councils, to arm the masses with heavy weaponry to defend their factories and neighbourhoods, to train the masses in military skills to a high level and to conduct a revolutionary war against imperialism and the local bourgeoisie.”*⁷⁶⁸

As we see, this is a very similar practical conclusion as the mainstream centrists in the West arrive at. However, the way that the tactic is formulated, is ultra-left. The anti-imperialist position of the Bolshevik-Communists – *“Defend the semi-colonies and turn the guns of the soldiers in the imperialist armies against their domestic enemies”* – is not enough for the IRMT. *“We want to shoot the officers of the semi-colonial army too and wage a revolutionary war both against imperialism and the local bourgeoisie”* say the ultra-lefts. Why? Because they claim that it doesn’t matter if the South is totally dominated by the imperialist monopolies or if the grip of the imperialist monopolies is weakened while the semi-colonial bourgeoisie still rules. Capitalism is always bad, so as long as we don’t have socialism, we don’t care about the concrete conditions by which the working

⁷⁶⁶ Maziar Razi and Morad Shirin (IRMT): Modern imperialist domination and Islamic fundamentalism; <http://marxist.cloudaccess.net/impire/115-modern-imperialist-domination-and-islamic-fundamentalism.html#>. (my emphasis)

⁷⁶⁷ Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran? 25 January 2012, in: Marxist Revival No. 12, December 2011/January 2012, p. 2, <http://marxist.cloudaccess.net/mideast/233-where-should-we-stand-if-us-israel-attack-iran.html>

⁷⁶⁸ Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran?, p. 2

class and the popular masses are oppressed and exploited. This is the logic of the CMR/IRMT.

As we quoted above, the comrades say *"one should not defend the national sovereignty or territorial integrity of these countries"*. Why? Because such countries are ruled by a bourgeois, reactionary ruling class. With the same logic one could say that when there is a popular rebellion under, let us say, an Islamist leadership, or if there is a national liberation struggle under, let us say, a Kurdish big land owner leadership, Marxists should not support them because these are reactionary leaderships. Instead they should fight against both at the same time. It should not go unnoted that the British members of the CMR (who are coming from the IMT) have a long history of deep entrisism into the Labour Party. They vehemently defended their completely rotten and bourgeoisified leadership against all attacks from the Tories. They campaigned to bring this Labour leadership into the government of the British imperialist state, a government – let us remind our comrades – which waged massive austerity packages against the working class and which launched the attacks on Serbia in 1999, Afghanistan in 2001 and Iraq in 2003 and which supported Israel's war in Lebanon in 2006. While they have not slightest problem with such a tactic, they could never defend a semi-colonial country against an imperialist onslaught because ... it has a reactionary leadership! Could this inconsistent policy – to put it politely – be connected with the fact that this group is located in Britain?

As we have shown, Lenin and Trotsky defended semi-colonial countries which had a reactionary (even "semi-fascist") government against imperialist attacks. We are pretty sure that the main leaders of the CMR/IMRT are well aware of the classic position of Leon Trotsky. They are living in Britain in exile for more than two decades and have been part of the leadership of two international "Trotskyist" organisations (the Mandelite Fourth International and Alan Woods IMT) and therefore surely have access to Trotsky's Writings. But despite this fact they choose to completely ignore Trotsky's position on the national liberation struggle of semi-colonial China in the 1930s and the position he took towards the struggle which took place under the leadership of Chiang-Kai-shek. When we criticized the comrades for their failure in anti-imperialism, they introduce in their reply an – again we say it politely – extraordinary argument in defence:

"For revolutionary Marxists the word 'Iran' is therefore meaningless unless it is made specific and concrete in terms of time and class. Trotsky's defence of Brazil or Ethiopia was a defence of the bourgeois state of these countries against imperialist aggression – at a time when such a state was a new development. But when today's 'Trotskyist' organisations use the arguments of Lenin and Trotsky from over a hundred years ago or even in 1930s that relate to the 'national bourgeoisie', they are (rightly) embarrassed to say that they defend the thoroughly reactionary Iranian state against an imperialist attack. So they only use the word 'Iran' to minimise their embarrassment! This surely

is an 'opportunistic' approach towards such an important issue." ⁷⁶⁹

We see that not only the Marxist program but also knowledge of history have a sad destiny on the pages of the CMR/IMRT publications. Let us remind the comrades, that neither for Brazil or Ethiopia having a bourgeois state "*was a new development*". Ethiopia was always an independent state which could defend itself against the appetites of the colonial empires until 1936 – also due to the fact that it routed the advancing Italian imperialists in the battle of Adwa on 1st March 1896 under the leadership of the Emperor Menelik II (we can be sure he was reactionary too). Brazil became independent from Portugal in 1821-24 and around the same time the people in the whole continent of Latin America expelled the Spanish occupation, i.e. more than 110 years before Trotsky expressed his position of support for Brazil (as well as for Mexico) against British imperialism. So much for the "*new development*" which the CMR/IMRT comrades invent in defence of a hopeless defenceless position.

But of course the main failure of the CMR/IMRT comrades is not their lack of historic knowledge but their lack of a Marxist method. They claim that such conflicts between imperialism and semi-colonies are about an "abstract question of territorial integrity". This is totally wrong. The question of national independence is always related to the class question. *Such conflicts therefore are about the relation of forces between the classes.*

* *It is about the relation of forces between the imperialist monopoly capital and the semi-colonial bourgeoisie.* The more the imperialist bourgeoisie succeeds in subordinating the semi-colonial bourgeoisie, the better will be its position to super-exploit the South, to deform the semi-colonies domestic markets and to squeeze out super-profits. The more the people of the semi-colonial world succeed in weakening the imperialist's grip – even if they cannot already overthrow capitalism as such – the better their conditions for future struggle for the socialist liberation will become.

* *It is about the relation of forces between the imperialist bourgeoisie and the working class in the imperialist countries.* Defeats of the imperialist bourgeoisie against semi-colonial countries weaken the monopolies. If the imperialists loose in a conflict with semi-colonial countries, they have less material resources to bribe the labor aristocracy or to integrate the middle class in order to use them against the working class. In addition they are politically and ideologically humiliated in the eyes of the masses – not only around the world but also in the metropolises itself.

* *It is about the relation of forces between the semi-colonial bourgeoisie and the working class in the semi-colonial countries.* Is it not obvious that the strengthening of the imperialist super-exploitation of the semi-colonial world in the neo-liberal globalization era not only weakened the position of the semi-colonial bourgeoisie against the imperialist monopolies, but also worsened the situation of the working class in the South?! As we have shown above, this was indeed

⁷⁶⁹ Maziar Razi and Morad Shirin (IRMT): Where should we stand if US-Israel attack Iran?, p. 3

the case.

As we already noted above, the CMR/IRMT follows a version of “*imperialist economism*”. They say “*the international left should not look to defend the national sovereignty or territorial integrity of these countries*” and then justify this by referencing Lenin’s and Trotsky’s opposite positions that in the 1920s and 1930s “*such a (semi-colonial, MP) state was a new development*”. As we know Lenin sharply criticised the ultra-left Bolsheviks Pyatakov, Bosch and Bukharin when they argued that the defence of oppressed nations was useless and wrong in the then new epoch of imperialism. However, to the defence of the Bolshevik ultra-lefts one could say that in 1914-1918 this question was new as was the epoch as such. The CMR/IRMT comrades however don’t have any such excuse. We have been in the imperialist epoch now for more than 100 years and we have accumulated a lot of experience with imperialist bullying and wars. While the comrades don’t formally adopt Pyatakov’s et al position, they claim that such an imperialist economism is justified in the period since World War II when the colonial countries became semi-colonies. We can therefore call the CMR/IRMT’s method as “*imperialist economism 2.0*”.

Both versions of *imperialist economism* have in common the fact that they ignore the extraordinary contradictory and many-faceted nature of the imperialist epoch. While these centrists see this epoch as one of smoothing of the contradictions, a simplification to the contradiction between capitalists and workers only, we rather follow Lenin’s understanding. We see the imperialist epoch as a period where the class contradictions rather sharpen, become more explosive, where different forms of already existing contradictions coalesce and new contradictions emerge. Only such can the imperialist epoch be understood in a materialist-dialectical way as an “*entire totality of the manifold relations of this thing to others.*”⁷⁷⁰

Therefore, Lenin stressed in his polemics against the imperialist economists that with the development of capitalism the national question and its explosive nature increases too:

*“The greater part of the dependent nations in Europe are capitalistically more developed than the colonies (...). But it is just this that generates greater resistance to national oppression and annexations!”*⁷⁷¹

Furthermore, Lenin was right when he wrote, that “*Imperialism is the epoch of the constantly increasing oppression of the nations of the world by a handful of “Great” Powers; it is therefore impossible to fight for the socialist international revolution against imperialism unless the right of nations to self-determination is recognised. “No nation can be free if it oppresses other nations” (Marx and Engels). A proletariat that tolerates the slightest coercion of other nations by its “own” nation cannot be a socialist proletariat.*”⁷⁷²

⁷⁷⁰ V.I.Lenin: *Conspectus of Hegel’s Science of Logic* (1914); in: *Collected Works* Vol. 38, p. 220

⁷⁷¹ V. I. Lenin: *The Discussion on Self-Determination Summed Up* (1916) ; in: *LCW* Vol. 22, p. 338

⁷⁷² V.I. Lenin/G. Zinoviev: *Socialism and War* (1915); in: *LCW* 21, p. 313

Deluded by their imperialist economism, the CMR/IMRT comrades unfortunately completely fail to understand this. They therefore find themselves in the most embarrassing alliances with the British group *Alliance for Workers' Liberty* (AWL). The AWL is a particularly right-wing form of centrism which supports the existence of Israel. Not only could they never come to support the colonial people who are oppressed by "their" British imperialism: neither the Irish, nor in the Malvinas war nor in any Middle East War. Worse, their historic leader, Sean Matgamna, even wrote in their paper that one could hardly criticise the arch-reactionary Zionist Apartheid state Israel if it would attack Iran! Such Matgamna wrote in 2008:

"We do not advocate an Israeli attack on Iran, nor will we endorse it or take political responsibility for it. But if the Israeli airforce attempts to stop Iran developing the capacity to wipe it out with a nuclear bomb, in the name of what alternative would we condemn Israel?" ⁷⁷³

Which role can an organization play in the class struggle whose leaders implicitly side with the most reactionary watchdog of imperialism against a semi-colonial country which is strangled by the Western Great Powers?! But the CMR/IMRT comrades are so blinded by their ultra-left ignorance that they end up in bed with the Zionist right-wing centrist AWL. A sad but not accidental development.

⁷⁷³ Sean Matgamna: What if Israel bombs Iran? in: *Solidarity & Workers' Liberty*, Vol. 3, No. 136, 24.7.2008, p. 6

Chapter 14: Some final remarks on the Perspectives for Class Struggle

In this chapter we want to explain several conclusions of our analysis for the future developments in the relations between the imperialist masters and the semi-colonial world and for the class struggle. For us an analysis of the imperialist super-exploitation of the oppressed people is not an end in itself. It shall rather provide authentic Marxists with both the basis for the programmatic conclusions as well as a guideline for the revolutionary practice. Lenin liked to refer to Engels statement that Marxism “*is not a dogma, but a guide to action*”⁷⁷⁴ In fact, it cannot be otherwise: revolutionary theory and revolutionary practice are a *condicio sine qua non* for each other. Our Weltanschauung and the materialist dialectic as its method are characterized by “*the methodology of knowledge on the basis of action and the methodology of action on the basis of knowledge*” as the Soviet philosopher Ivan K. Luppel put it so well in his book on Lenin’s philosophy in 1928.⁷⁷⁵ However, given the character of our book, we have to limit ourselves to outline a number of perspectival factors as well as consequences for the Marxist programme and practice. For a more detailed examination we refer readers to the RCIT program and numerous other writings on revolutionary strategy and tactic which we have published over the last decades.

The possible developments in the relations between the imperialist masters and the semi-colonial world and for the class struggle cannot be understood correctly without viewing them in context with the general character of dynamics of capitalism in the present historic period. In the last twenty years I have defended an understanding of the world political and economic developments which focused on assessing the “true essence” of the totality of the class contradictions of capitalism in its development. Hence I opposed in the 1990s those comrades in our predecessor organization who thought at that time that we lived in a revolutionary period. I thought (and still think so) that the period after 1991 – when the political revolution in the Stalinist states were defeated and turned into democratic counter-revolutions and the restoration of capitalism – had a rather *transitional, non-revolutionary character*. In the year 2000 I argued that the contradictions of capitalism (over-accumulation of capital, tendency of the profit rate to fall, decline of US hegemony, etc.) are sharpening and therefore I predicted that at some point later in the 2000s they will lead to a

⁷⁷⁴ V.I. Lenin: Certain Features of the Historical Development of Marxism (1910); in: LCW 17, p. 39

⁷⁷⁵ Iwan K. Luppel: Lenin und die Philosophie. Zur Frage des Verhältnisses der Philosophie zur Revolution (1928), p. 115 (our translation). In another essay he also stated correctly that partisanship in science and partisanship in practice go necessarily hand in hand. (Iwan K. Luppel: Die materialistische Dialektik und die Arbeiterbewegung (1928); in: Unter dem Banner des Marxismus, II. Jahrgang (1928), p. 231)

“*revolutionary crisis period*”. After 9/11 in 2001, I came to the conclusion that a *pre-revolutionary period* has begun, characterized by the imperialist wars, massive neo-liberal attacks and corresponding class struggles. This period transformed into a *world historic revolutionary period* in 2008, when the Great Recession in 2008 led to an explosion of the accumulated contradictions. I have come to this assessment at the end of 2008 and defended this analysis since then together with my comrades in the RCIT.⁷⁷⁶

i) A world historic revolutionary period

Since the focus of this book is not a general discussion of the world situation I will only briefly outline here why we shall speak, in our opinion, of a *world historic revolutionary period*. We consider the present period as one of a historic crisis of the capitalist system. It is a period where the inner contradictions of this system are posed in such a sharp way that they unavoidably provoke pre-revolutionary and revolutionary, as well as counter-revolutionary situations. In other words, the aggravation of the class contradictions will pose the question of power – which class rules in the society – more often than in the past periods. The present period is therefore one in which the destruction of capitalism and the historical leap forward towards socialism is on the agenda.

When Trotsky characterized the dynamic of the class struggle in the inter-war period, he identified such abrupt changes as the fundament for the revolutionary character of the time he was living in:

“The revolutionary character of the epoch does not lie in that it permits of the

⁷⁷⁶ At an international leadership meeting of our predecessor organization, the LFI, in January 2009, the author of this book proposed the following resolution on the turn in the world situation:

„The new period is characterized by a historical crisis of capitalism. It is a period not of years but is has a more long-term character. It is a period where the “curve of capitalist development” (Trotsky) is pointing downwards and where the productive forces and the social development are rather retreating than advancing. It is a period where short-term booms are not excluded but where the crisis-ridden, depressive character of the world economy is the dominant aspect. World politics will be characterized by increasing instability and rivalry as a result of the imperialist hegemon – the United States of America – is not capable anymore of dominating the world. Faced with the crisis the imperialist bourgeoisie will launch huge attacks on the working class and the oppressed people and as a result we will see a sharp increase of class struggle. This is why this period will be marked by a series of wars, pre-revolutionary, revolutionary and counter-revolutionary situations. This is why the new period is a revolutionary period.

The working class enters this new period with a deep crisis of leadership. The official leaderships are very closely integrated into the bourgeois state apparatus and managements. The revolutionary forces on the other hand are extremely weak. But at the same time the working class and the oppressed will form new forces of struggle and new vanguards. Existing vanguard elements – under reformist leadership at the moment – will question their leaderships and come into conflict with them. Against this background the task of Marxist revolutionaries is to address these militant and vanguard elements by means of propaganda and agitation, by joining them in struggle and striving to give a lead, by putting demands on the existing leadership and applying the united front tactic. Our task is win the best elements of the vanguard for Bolshevism and to recruit them. The strategic task in the new period is to build the revolutionary party on a national and international scale.” Our position of the “revolutionary period” was narrowly defeated both at this meeting as well as at the LFI Congress in June 2010.

*accomplishment of the revolution, that is, the seizure of power at every given moment. Its revolutionary character consists in profound and sharp fluctuations and abrupt and frequent transitions from an immediately revolutionary situation; in other words, such as enables the communist party to strive for power, to a victory of the Fascist or semi-Fascist counter-revolution, and from the latter to a provisional regime of the golden mean (the "Left bloc," the inclusion of the social democracy into the coalition, the passage of power to the party of MacDonald, and so forth), immediately thereafter to force the antagonisms to a head again and acutely raise the question of power."*⁷⁷⁷

In this period the dominant tendency of the productive forces can be characterized as a "curve of decline" – to use a category from Trotsky's concept of "curves of capitalist development" which he elaborated in a thoughtful article in 1923.⁷⁷⁸ In chapter 3 we have already demonstrated how in the past decades the crisis of the capitalist world economy has deepened and led to a stagnation of the productive forces in the 2000s.

This, of course, does not mean that the economy is in decline in all parts of the world. That would be an un-dialectical way of thinking. In fact, the law of uneven and combined development is valid also in this field. We have seen significant growth in parts of the semi-colonial world and even feverish growth as China. However, this was the result of the stagnating capital accumulation process in the dominant parts of the world economy – the imperialist centers – which led monopoly capital to shift investment towards the semi-colonial world. In the case of China one has to add, that here the primitive accumulation of capital after the restoration of capitalism in the early 1990s also played a very significant role – as we have outlined in chapter 10.

Such an uneven and combined development of the world economy is in no way exceptional but rather characteristic in the epochs of mankind history. In his book on imperialism, Lenin observed a similar unevenness in his time:

*"However strong the process of levelling the world, of levelling the economic and living conditions in different countries, may have been in the past decades as a result of the pressure of large-scale industry, exchange and finance capital, considerable differences still remain; and among the six countries mentioned we see, firstly, young capitalist countries (America, Germany, Japan) whose progress has been extraordinarily rapid; secondly, countries with an old capitalist development (France and Great Britain), whose progress lately has been much slower than that of the previously mentioned countries, and thirdly, a country most backward economically (Russia), where modern capitalist imperialism is enmeshed, so to speak, in a particularly close network of pre-capitalist relations."*⁷⁷⁹

However, unevenness does not mean indetermination in the general direction of capitalist contradictions' unfolding. In fact, it is a general weakness which one

⁷⁷⁷ Leon Trotsky: *The Third International After Lenin*, New York 1970, pp. 81-82

⁷⁷⁸ Leon Trotsky: *The capitalist curve of development* (1923), in: *Leon Trotsky: Problems of Everyday Life*, New York, 1994, pp. 273-280

⁷⁷⁹ V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916); in: *LCW Vol. 22*, p. 259

can observe many times amongst socialist intellectuals, that the unevenness in a given process makes them blind to recognize its direction. They are fearful to draw clear conclusion which imply consequences and prefer to rather describe a contradiction on a formal, superficial way (*"On one hand, there is...., one the other hand, there is ..."*). They forget, that – as Abram Deborin put it nicely – *"the Marxist must, above all, assess the general direction of the development."*⁷⁸⁰

So, in all the unevenness of the capitalist development, it is clearly the imperialist economies and states which – in the epoch of imperialism – dominate and give the general economic development its character. Similarly, in a given society it is the ruling class and not the oppressed which determine the general line of development. This was clearly demonstrated in the last years. It is the crisis and depression in the old imperialist centers which cause world recessions and stock market slumps and it is not the growth dynamic of semi-colonial countries or emerging imperialist China which put their mark on the world economy.

When we speak of the decline of humanity's productive forces, we don't mean only the development of economic output. We also have in mind the social regression which we see in all parts of the world: increasing sectors of the population are impoverished or are even permanently excluded from regular participation in economic production. There are parts of the semi-colonial world where we even see a return to barbaric conditions. Already now, about 100,000 people die of hunger every day! One has to add to all these symptoms of decline the horrendous destruction of the natural resources and environment in which humanity is living. This destruction leads to the widely known phenomena of climate change, increasing numbers of "natural" disasters, etc.⁷⁸¹

Various critiques of the US Empire have compared its decline with the final period of the Roman Empire in the fourth and fifth century. While this analogy is certainly valid, one must understand it in a broader context: it is the final decline of the whole capitalist world system which is similar to the Roman Empire!

For Marxists, this is no unexpected development. In fact, it is the result of the unfolding of the historic laws of capitalism and their tendency towards breakdown, as Karl Marx pointed out repeatedly. Thus he wrote in *Capital*:

"This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralization of capital. One capitalist always kills many. Hand in hand with this centralization, or this expropriation of many capitalists by few, develop, on an ever-extending scale, the cooperative form of the labour process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour into instruments of labour only usable in

⁷⁸⁰ Abram Deborin: Lenin als revolutionärer Dialektiker (1925); in: Unter dem Banner des Marxismus, 1. Jahrgang (1925-26), p. 224 (our translation)

⁷⁸¹ Without sharing all the political positions of the authors, we want to refer readers to the website *Climate & Capitalism*, <http://climateandcapitalism.com>, as a useful source for information's on the destructive results of capitalism for environment.

common, the economizing of all means of production by their use as means of production of combined, socialized labour, the entanglement of all peoples in the net of the world market, and with this, the international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolize all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralization of the means of production and socialization of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated."⁷⁸²

As it is well known, this historic prognosis was denied by Bernstein and later most social democratic theoreticians. Similarly we observed in the past decades a whole army of petty-bourgeois "Marxist" academics who claimed to have discovered new laws which allegedly showed that capitalism does not tend to breakdown. Various "Marxist" academics like Ben Fine and Lawrence Harris "improved" Marx's law of the tendency of the rate of profit to fall and argued that there is no long-term decline of the rate of profit. Hence they prefer to speak about "*the law of the tendency of the rate of profit to fall and its countervailing tendencies*".

Just a few years ago, in 2005/06, the author of this book had to argue against a faction inside our predecessor organization which claimed that the world economy has entered a long wave of upswing, which was supposed to last till 2015. They accused the author of this book and other supporters of our position as "catastrophists".⁷⁸³ History has rarely been crueller to a grouping's prediction when in 2007/08 the world economy faced its worst recession since 1929.

On a theoretical level, the mistakes of these revisionist critiques lie in the following. On a theoretical level, the mistakes of these revisionist critiques lie in the following. First, it is not the Marxist view that there is a steadily linear decline. This is neither the case with the tendency of the profit rate to fall nor with capitalism's general decline. There are – as Marx has pointed out (see

⁷⁸² Karl Marx: Kapital Band I, MEW 23, pp. 790-791; in English: Karl Marx: Capital, Vol. I; Chapter 32

⁷⁸³ This faction later became the British group „Permanent Revolution“. It gave up any attempt to international party-building and shortly afterwards party-building at all. It is now in a process of dissolving into a libertarian pseudo-Marxist network called *Anticapitalist Initiative*. Their views on the world economy and their polemics against us and others can be found e.g. at Keith Harvey: Myth or reality: debating long waves: Review of "Richard Brenner and Michael Pröbsting: *The Credit Crunch – a Marxist analysis*" (2008), <http://www.permanentrevolution.net/entry/2452>; Bill Jefferies: The SWP's economics: A distorted picture of British and global capitalism (2007), <http://www.permanentrevolution.net/files/pr5/41-47%20Harman.pdf>; Bill Jefferies: Capitalism's long upturn (2006), <http://www.permanentrevolution.net/files/pr2/36-45%20Economy.pdf>; Bill J: Perspectives and Period - a reply to Dave S (June 2006), <http://www.permanentrevolution.net/entry/334>

our reference to this at the beginning of chapter 5) – several counter-veiling tendencies. The point is however, that these counter-veiling measures can only halt or slow this decline temporarily. Why? Because of the inner unfolding of capital accumulation. As Marx wrote: *“The rate of profit does not sink because the labourer is exploited any less, but because generally less labour is employed in proportion to the employed capital.”*⁷⁸⁴

Secondly, Marxists should not even exclude the theoretical possibility that capitalism could reverse – under exceptional conditions and only for a limited period – its historic tendency to decline. Indeed this has happened in the period of the “Long Boom” in the 1950s and 1960s. But one has to see that this period was an *exception* in the imperialist epoch, a result of extraordinary historic circumstances (massive capital destruction in two World Wars before, fascism, historic defeats of the working class, establishment of the US as the absolute hegemon in the imperialist camp, the strengthening of the Stalinist bureaucracy which agreed with imperialism on building a world order – the Yalta agreement – and betrayed the revolutions which occurred in 1943-45 and after.) It was not a “long wave of upswing” which is supposed to alternate regularly with a “long waves of downturn”.⁷⁸⁵

To this one has to add the enormous differences between the conditions at that time and today. Several years ago I discussed this question and came to the conclusion that a repetition of such a long period of upswing is unlikely for the following reasons:

“Does this mean that the productive forces stagnate constantly in the imperialist epoch? No, that would be an undialectical, schematic interpretation. Imperialism is an epoch of fierce clashes of the fundamental contradictions of capitalism. At a certain point, such clashes necessarily and inescapably lead to open explosions like wars and revolutions. Should, however, the leadership of the working class not be in a condition to exploit this period of acute crises of monopoly capitalism to bring about a victorious socialist revolution, the possibility opens up for the bourgeoisie to force back the contradictions, to keep them in check for a limited period of time. But the precondition for this are:

** that the ruling class inflicts historic defeats on the working class and by this lowers the price of the commodity labour to a qualitative lower level,*

** that a huge mass of superfluous capital is destroyed (via wars or similar catastrophes) and*

** that a new capitalist world order under the undisputed hegemony of an imperialist power is formed (in the 19th century this was Britain, after 1945 it was the USA)*

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

⁷⁸⁴ Karl Marx: Das Kapital III, MEW 25, p. 256; in English: Karl Marx: Capital, Vol. III; Chapter 15

⁷⁸⁵ A useful critique of the Long Wave-Theory can be read in Richard Brenner: Globalization and the Myth of the New Long Wave, in: Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), <http://www.fifthinternational.org/content/globalisation-and-myth-new-long-wave>

innovations led to overall social progress and the living standards of the majority of the working class were raised.

But a period like that was exceptional in the imperialist epoch. It would represent a break with the Marxist method, to regard such a period not as an exception but as normal, as one of the two possibilities — first an upturn, then a downturn — as long wave theory does.

Imperialism, then, is an epoch in which capitalist decline, stagnation of the productive forces represents the 'essence' — the general essence so to say — of the epoch. But this generality is not permanent (continuous) and not concretely of the same form or intensity. Various political factors — above all the treachery of the official leadership of the labour movement — can give the bourgeoisie a breathing space, a stay of execution for capitalism. After the ruling class obtained such a postponement in the post-war period, world capitalism re-entered a period of crisis at the end of the 1960s/beginning of the 1970s, when the contradictions intensified and the tendency to stagnation reasserted itself.

Could we experience another long boom in the future, similar to that in the 1950s and 1960s? From a Marxist point of view, it would be wrong to exclude such a possibility. But it would be equally wrong to envisage such a possibility as a simple repetition of the events that led to this upturn. The monopoly capitalism of the 21st century is not the same as that of the 50s and 60s. The productive forces have developed enormously since then, and with them also the destructive forces. A world war today would have immeasurably worse consequences for humanity than World War II (including the wiping out of part of humanity and the destruction of civilization). The fine interconnection of the globalized world economy means that any serious regional upset — whether economic, political or military — would engulf the whole planet. The likelihood of even a temporary lessening of imperialist contradictions and a new long upturn is therefore much less than during the middle of the 20th century. The alternative, "socialism or barbarism", on the other hand, arises sharper than ever in the 21st century."⁷⁸⁶

The more imperialism decays in its senility, the more explosive its contradictions become. The preconditions for a temporary escape from its decline and another boom period would be an unprecedented massive destruction of capital, huge historic defeats for the working class and a war between the Great Powers so that a leading imperialist power could stabilize the world situation as an absolute hegemon. In other words, capitalism would require such *barbaric methods* that it would put the survival of humanity in question.

We should add to this that in the 1940s the ruling Stalinist bureaucracy advanced in Eastern Europe and China. In addition, Stalinism possessed a leading role in the workers movement in numerous countries. As a result it could play a decisive counter-revolutionary role in containing the revolutionary

⁷⁸⁶ Michael Pröbsting: Imperialism-Theory and World Economy today. An examination of the capitalist world economy in the light of the Marxist Imperialism-Theory (2007). This was a section of the draft for our book "*Credit Crunch – a Marxist analysis*" (see above) which was unfortunately deleted from the published version because the majority of the leadership in our predecessor organization opposed our position due to their theoretical vacillations.

class struggle in the phase after World War II.⁷⁸⁷ Stalinism however does not possess any similar influence today and there is no alternative strong reformist force inside the working class with a state power behind it.

And thirdly, Marxists don't say that Socialism will inevitably follow capitalism. As Rosa Luxemburg formulated it so famously in her draft program for the *Spartacus League*, humanity is rather faced with the alternative "*Socialism or Barbarism*".⁷⁸⁸ It is only if the working class consciously intervenes with a revolutionary mass party at its leadership, that socialism can replace capitalism.

Trotsky rejected the revisionist theories of a possible softening of capitalism's contradictions and defended the Marxist theory of breakdown. His answer, written in 1939 as part of an introduction to Otto Rühle's popular summary of Marx's *Capital*, is still valid:

"The minds and hearts of middle class intellectuals and trade-union bureaucrats were almost completely enthralled by the achievements of capitalism between the time of Marx's death and the outbreak of the World War. The idea of gradual progress ("evolution") seemed to have been made secure for all time, while the idea of revolution was regarded as a mere relic of barbarism. Marx's prognosis about the mounting concentration of capital, about the aggravation of class contradictions, about the deepening of crises, and about the catastrophic collapse of capitalism was not amended by partly correcting it and making it more precise, but was countered with the qualitatively contrary prognosis about the more balanced distribution of the national income, about the softening of class contradictions and about the gradual reformation of capitalist society. Jean Jaurès, the most gifted of the social-democrats of that classic epoch, hoped gradually to fill political democracy with social content. In that lay the essence of reformism. Such was the alternative prognosis. What is left of it?"

*The life of monopolistic capitalism in our time is a chain of crises. Each crisis is a catastrophe. The need of salvation from these partial catastrophes by means of tariff walls, inflation, increase of government spending and debts lays the ground for additional, deeper and more widespread crises. The struggle for markets, for raw material, for colonies makes military catastrophes unavoidable. All in all, they prepare revolutionary catastrophes. Truly, it is not easy to agree with Sombart that aging capitalism becomes increasingly "calm, sedate and reasonable." It would be more apt to say that it is losing its last vestiges of reason. In any event, there is no doubt that the "theory of collapse" has triumphed over the theory of peaceful development."*⁷⁸⁹

What we have seen in the past years was exactly an unfolding of the chain of inner contradictions and their contradictions. The ruling class tried to contain

⁷⁸⁷ See on this our book on Stalinism: Workers Power: The Degenerated Revolution. The origins and nature of the Stalinist states, London 1982

⁷⁸⁸ Rosa Luxemburg: Was will der Spartakusbund? (1918), in: Gesammelte Werke, Band 4, p. 441; in English: What Does the Spartacus League Want? (1918), <http://www.marxists.org/archive/luxemburg/1918/12/14.htm>

⁷⁸⁹ Leo Trotzki: Marximus in unserer Zeit (1939), Wien 1987, pp. 10-11; in English: Leon Trotsky: Marxism In Our Time, <http://www.marxists.org/archive/trotsky/1939/04/marxism.htm>

their crisis by substantially increasing the exploitation of the working class and the super-exploitation of the semi-colonial world. They massively raised private and public debt level. The US – as the world hegemon – tried to stop its decline by waging a wave of imperialist wars after 9/11 in 2001. As a result the contradictions of today's world could be whitewashed by bloating the contradictions of tomorrow's world. The rate of profit could superficially be stabilised for some time. But at some point all this artificial stabilisation had to explode inevitably as we could see in 2008/09.⁷⁹⁰

In fact, the imperialist bourgeoisie waged a massive offensive for more than three decades. Since the beginning of the 1980s they launched huge attacks which have been named “*neoliberalism*” and “*globalization*”. We have shown in this book how successful they were in their efforts to raise the surplus value from the working class. But these measures could only temporarily slow capitalisms' inherent tendency towards stagnation and decline since more fundamental economic laws proved to be stronger (e.g. growing organic composition of capital, increasing contradictions between national states and global acting productive forces etc.). And at the same time, the same measures, which temporarily slowed capitalisms' decline, prepared inevitable new economic, political and social contradictions and explosions.

We therefore see a capitalist world economy which is eroded by the over-accumulation of capital and the tendency of the profit rate to fall. It is not surprising that leading strategists of the imperialist bourgeoisie are themselves pessimistic about their prospects despite their usual professional optimism. Hence the 2012 report of the *National Intelligence Council* – the think tank of the US secret services – about the Global Trends till 2030, predicts a gloomy picture:

*“Most of the leading Western countries could therefore suffer the consequences of low economic growth that lasts longer than a decade.”*⁷⁹¹

The huge crisis of private and public debt is just one sharp expression of it. The desperate need to reduce the huge level of debt will constantly erode the economic and social stability of the imperialist societies. However, according to McKinsey Global Institute, deleveraging has not even begun in the majority of imperialist states.

⁷⁹⁰ We have discussed the development and inner contradictions of world capitalism in Michael Pröbsting: *Vor einem neuen Wirtschaftsaufschwung? Thesen zum marxistischen Konzept des Zyklus, dem Verhältnis des gegenwärtigen Zyklus zur Periode der Globalisierung sowie den Aussichten und Widersprüchen der künftigen Entwicklung der Weltwirtschaft* (2010), in: *Revolutionärer Marxismus* 41, Februar 2010, <http://www.arbeitermacht.de/rm/rm41/wirtschaftsaufschwung.htm>; Michael Pröbsting: *World economy – heading to a new upswing?* (2009), in: *Fifth International Vol 3, No. 3*, <http://www.fifthinternational.org/content/world-economy-%E2%80%93-heading-new-upswing>; Michael Pröbsting: *Imperialismus, Globalisierung und der Niedergang des Kapitalismus* (2009), in: *Revolutionärer Marxismus* 39, <http://www.arbeitermacht.de/rm/rm39/rm39imperialismus.htm>; Michael Pröbsting: *Imperialism and the Decline of Capitalism* (2008), <http://www.fifthinternational.org/content/imperialism-and-decline-capitalism>

⁷⁹¹ National Intelligence Council: *Global Trends 2030: Alternative Worlds* (2012), p. 40

*“Across the ten largest economies, private-sector debt—defined as the debt of households, corporations, and financial institutions—has fallen by \$1.5 trillion, or 2 percent, from the peak in 2008. But, as is typical in the aftermath of financial crises, government debt has continued to grow—by \$7.8 trillion, or 26 percent, since 2008. As a result, the total debt of each of these countries has increased and the ratio of overall debt to GDP has risen in seven of the ten. Debt ratios have fallen in only three of these nations: the United States, South Korea, and Australia”*⁷⁹²

The regions with more growth dynamic – like China and others – cannot decisively alter the *“curve of capitalist decline”* because their weight in the world economy is not sufficient for this. In addition, China’s period of rapid growth – based on a vigorous primitive accumulation of capital – is already developing its own inner contradictions which will sooner or later explode and open a revolutionary crisis.

US imperialism is inexorably in decline as the US leading strategists themselves are aware: *“The United States’ relative economic decline vis-à-vis the rising states is inevitable and already occurring, but its future role in the international system is much harder to assess. (...) Although the US will remain the leading military power in 2030, the gap with others will diminish and its ability to depend on its historic alliance partnerships will diminish even further.”*⁷⁹³

At the same time there is no alternative imperialist power which could replace the United States as a world hegemon in order to stabilize the world political situation. The European Union is neither strong nor united enough. Japan is stuck in a stagnation period since two decades. China is growing but it is an emerging imperialism, far away from ruling the world. In fact, there will be an increasing rivalry of the imperialist powers with no one strong enough to subjugate the other powers. Militarism and armament are the inevitable consequences of this as well as more and more military interventions in foreign countries. To quote again the US National Intelligence Council:

*“Nevertheless, we and other experts believe that the risks of interstate conflict are increasing owing to changes in the international system. The underpinnings of the current post-Cold War equilibrium are beginning to shift. If the United States is unwilling or less able to serve as a global security provider by 2030, the world will be less stable. If the international system becomes more fragmented and existing forms of cooperation are no longer as seen as advantageous to many of the key global players, the potential for competition and conflict also will increase. In addition, the chances are growing that regional conflicts—particularly in the Middle East and South Asia—will spill over and ignite a wider conflagration.”*⁷⁹⁴

What the bourgeois strategists do not foresee today is the fact that the increasing rivalry between the Great Powers will and must intensify in the

⁷⁹² McKinsey Global Institute: Debt and deleveraging: Uneven progress on the path to growth (2012), p. 12

⁷⁹³ National Intelligence Council: Global Trends 2030: Alternative Worlds (2012), p. 99

⁷⁹⁴ National Intelligence Council: Global Trends 2030: Alternative Worlds (2012), p. 61

coming period of economic decline, political instability and social crisis. They only touch the subject and are unconscious of the consequences of their own insights:

*“The key question is whether the divergences and increased volatility will result in a global breakdown and collapse or whether the development of multiple growth centers will lead to resiliency. The absence of a clear hegemonic economic power could add to the volatility. Some experts have compared the relative decline in the economic weight of the US to the late 19th century when economic dominance by one player – Britain – receded into multipolarity.”*⁷⁹⁵

The bourgeois strategists don't dare to think about the historic development of Britain's decline. However, as we know, Britain's loss of absolute hegemony beginning in the late 19th century opened a growing rivalry which led to World War I in 1914. Similarly today, World War III with unspeakable consequences for humanity is nearly unavoidable as long as the working class does not overthrow the bourgeoisie in time.

Given this background of increasing decline, the ruling classes are forced to attack the working class and the oppressed people sharper and sharper and, for the same reason, to increase its rivalry against each other. Political destabilization of the world situation and more and more pre-revolutionary and revolutionary situations, as well as counter-revolutionary threats, are the results. This is why we speak about a world historic revolutionary period, a period of *“actuality of the revolution”* – to borrow a famous phrase of the Hungarian Marxist philosopher Georg Lukács.⁷⁹⁶

In their strategy papers – written for their inner circles – the ruling class speaks quite openly about the *“actuality of the revolution”*. The European Union Institute for Security Studies for example states in a major strategy study that the world has become *“a global village, but it is a village on the verge of revolution”*:

*“The defining political fault lines generating major violent confrontations are shifting away from yesterday's horizontal peer competition between elite states and towards the vertical tensions between different global socioeconomic strata. Technology is shrinking the world into a global village, but it is a village on the verge of revolution. While we have an increasingly integrated elite community, we also face increasingly explosive tensions from the poorer strata below.”*⁷⁹⁷

And it is also not accidental that the *National Intelligence Council* strategists open their latest report with the following statement which compares the present period with the period of the French Revolution of 1789:

“The backdrop for ‘A Tale of Two Cities’ was the French Revolution and dawn of the Industrial Age. We are living through a similar transformative period in which the

⁷⁹⁵ National Intelligence Council: *Global Trends 2030: Alternative Worlds* (2012), p. vi

⁷⁹⁶ Georg Lukács: *Lenin: A Study on the Unity of his Thought* (1924), <http://www.marxists.org/archive/lukacs/works/1924/lenin/index.htm>

⁷⁹⁷ Tomas Ries: *The globalising security environment and the EU*, in: *European Union Institute for Security Studies: What ambitions for European defence in 2020?* (2009), pp. 67-68

*breadth and scope of possible developments—both good and bad—are equal to if not greater than the aftermath of the political and economic revolutions of the late 18th century.”*⁷⁹⁸

ii) The present historic period and its consequences for the semi-colonial world

We have shown in the previous chapters of this book that the decline of capitalism inevitably pushes monopoly capital and their imperialist states to intensify super-exploitation of the semi-colonial world, to import migrants as cheap labor forces in growing numbers and to increase their political and military interventions. We have shown that both capitalist value production as well as the central weight of the world working class has shifted to the South. Since these developments are the result of the unfolding of the inner contradictions of capitalism in its late imperialist age, we have every reason to assume that these tendencies will continue and intensify.

The Shift to the South

Capitalist value production and the working class will grow in the foreseeable future rather in the South than in the North. According to a recent Hays/Oxford Economics Report, the global labor force is expected to grow by 932 million workers between 2010 and 2030. While the labor force in the old imperialist countries will stagnate, all of the labor force growth is expected to come from the South. Interestingly, China will not play a significant role in this growth but rather it will be in other countries of the South. The ten countries, in which the biggest increase of workers is forecasted, are India (up 241 million), Pakistan (up 62 million), Nigeria (up 54 million), Bangladesh and Ethiopia (each up 35 million), Indonesia (up 32 million), Congo (up 29 million), Philippines (up 24 million), Egypt (up 21 million) and Tanzania (up 20 million).⁷⁹⁹

This means that the central weight of the working class will be shifted even more to the South than it already is. A World Bank Report from 2007 forecasts that by 2030 out of a global labor force of 4.144 millions, 3.684 millions (or 88.9%) will work in the South and only 459 million (or 11.1%) in the old imperialist countries.⁸⁰⁰ In other words, 9/10 of the global labor force will be located outside of the old imperialist countries.

As we already suggested earlier, the labor aristocracy will only form a small part amongst the world working class. According to the same World Bank Report, in 2030 about 85.6% of the global labor forces are forecasted to be unskilled. If

⁷⁹⁸ National Intelligence Council: *Global Trends 2030: Alternative Worlds* (2012), p. 1

⁷⁹⁹ Hays/Oxford Economics: *Creating Jobs in a Global Economy 2011-2030: The Hays/Oxford Economics global report* (2011), p. 5

⁸⁰⁰ World Bank: *Global Economic Prospects 2007. Managing the Next Wave of Globalization*, p. 110

we bear in mind that the labor aristocracy is again only a minority amongst the skilled workers, it becomes obvious that this bribed, privileged layer will be only a very small minority amongst the future proletariat. However, as long as the revolutionary workers vanguard does not successfully push back the bureaucracy and the aristocratic elements, the labor aristocracy will still have substantial influence inside the official workers movement.

As a result from this growth of value producers in the South, capitalist value production will shift to the South too. We do not only think about China, but also other countries like India, Brazil and those capitalist semi-colonies which Goldman Sachs calls the “*Next Eleven*”: Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, The Philippines, South Korea, Turkey, and Vietnam.

⁸⁰¹ The US National Intelligence Council forecast is gloomy:

“The diffusion of power among countries will have a dramatic impact by 2030. Asia will have surpassed North America and Europe combined in terms of global power, based upon GDP, population size, military spending, and technological investment. China alone will probably have the largest economy, surpassing that of the United States a few years before 2030. In a tectonic shift, the health of the global economy increasingly will be linked to how well the developing world does — more so than the traditional West. In addition to China, India, and Brazil, regional players such as Colombia, Indonesia, Nigeria, South Africa, and Turkey will become especially important to the global economy. Meanwhile, the economies of Europe, Japan, and Russia are likely to continue their slow relative declines.” ⁸⁰²

Given this further shift of capitalist value producers and value production to the South, the imperialist monopolies – the multinational corporations, the financial institutions, etc. – will become even more dependent on appropriating a substantial share of surplus from the semi-colonial world. In other words, to stem the tendency of the rate of profit to fall, the monopolies *must* increase the super-exploitation of the South.

The shift to Asia

The single most important world’s region which will gain in importance is Asia. This is not only for the obvious fact that it is the most populous continent but also because it is the continent with the most significant growth in capitalist value production as well as labor forces. A reflection of this development is the fact that 25% of the world’s crude and half the world’s merchant tonnage currently pass through the waters of the South China Sea alone. ⁸⁰³ Additionally, it is the continent which saw the emergence of a new imperialist power – China.

⁸⁰¹ See on this e.g. Goldman Sachs: BRICs and Beyond (2007), pp. 129-182

⁸⁰² National Intelligence Council: Global Trends 2030: Alternative Worlds (2012), p. iv

⁸⁰³ Peter Lee: Maybe that war with China isn’t so far off, Asia Times Online 22.12.2011, <http://www.atimes.com/atimes/China/ML22Ad05.html>

Therefore, the old imperialist powers all increasingly focus their attention to strengthen their influence in Asia and to counter the rise of China.⁸⁰⁴ Japanese imperialism will increase its military expenditures in the future in order to stop China's growth as a Power and to defeat relatively independent states like North Korea.

The leaders of US imperialism are absolutely conscious of this shift to Asia. They speak about "*our strategic turn to the Asia-Pacific region*" (as former foreign secretary Hillary Clinton formulated it)⁸⁰⁵ and its consequences for the still biggest Great Power. William J. Burns, US Deputy Secretary of State, expressed the focus of US foreign policy explicitly: "*To sum up, in order to lead in the 21st century, America must think strategically as the world's economic and strategic center of gravity shifts inexorably toward the Pacific.*"⁸⁰⁶

The US leaders are quite open about the close relationship of economic interests, political influence and military policy. In a strategy speech, Hillary Clinton, stated: "*Our economic recovery at home will depend on exports and the ability of American firms to tap into the vast and growing consumer base of Asia. Strategically, maintaining peace and security across the Asia-Pacific is increasingly crucial to global progress, whether through defending freedom of navigation in the South China Sea, countering the proliferation efforts of North Korea, or ensuring transparency in the military activities of the region's key players.*"⁸⁰⁷

In chapter 10 on China we have outlined in more detail the numerous conflicts in East Asia which will lead to wars sooner or later. The imperialist leaders are aware that such conflicts will have massive consequences for the whole world economy: "*A conflict-ridden East Asia would constitute a key global threat and cause large-scale damage to the global economy.*"⁸⁰⁸

Asia will also play a key role for the world proletariat and its struggle for liberation. 60% of the global industrial proletariat is living in this continent. It creates an increasing share of the global capitalist value, but faces super-exploitation and political oppression at the same time. As we have shown in chapter 10, China's working class is already rebelling against the Stalinist-capitalist dictatorship. Others will follow like in Vietnam. The workers, peasants and poor in Thailand have already shown in the form of the Red-Shirt movement that – despite the bourgeois leadership – they are prepared to fight against the reactionary monarchy of King Bhumibol Adulyadej. In India, the

⁸⁰⁴ See e.g. Michael Klare: US returns in strength to the Pacific. America's maritime power, Le Monde diplomatique, March 2012, <http://mondediplo.com/2012/03/06uspacific>

⁸⁰⁵ Hillary Clinton (Deputy Secretary of State): America's Pacific Century. The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of the action, Foreign Policy November 2011, http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century

⁸⁰⁶ William J. Burns (Deputy Secretary of State): Asia, the Americas, and U.S. Strategy for a New Century. Remarks at World Affairs Councils of America National Conference, Washington, DC, November 4, 2011, <http://www.state.gov/s/d/2011/176667.htm>

⁸⁰⁷ Hillary Clinton: America's Pacific Century

⁸⁰⁸ National Intelligence Council: Global Trends 2030: Alternative Worlds (2012), p. 62

increasing strength of the working class has led in February 2012 – as a sign of future things to come – to the biggest general strike in history with more than 100 million workers.

Add to this the poor peasant rebellion in India led by Maoists as well as the mass protests in Nepal. Finally, the region witnesses a growing number of anti-imperialist struggles as seen in Afghanistan and Pakistan as well as struggles of oppressed nations like in Balochistan, Kashmir, in the South of Thailand, Tibet and East-Turkestan, the Tamils in Sri Lanka, the various national minorities in India, etc.

The second important region – and next to East and South Asia – is the Middle East and North Africa. The main reasons are, on one hand, that this region is home to 3/5 of the world-wide oil reserves and more than 2/5 of the world-wide gas reserves. Additionally, 4 of the 6 biggest oil exporters are from this region. Naturally neither the region's reserves nor the imperialists desire to get access to them will change in the foreseeable future.

On the other hand, the region is also home to a growing and young proletariat which has started the Arab Revolution in the spring of 2011.⁸⁰⁹ Despite the unfinished character of the revolution and the various setbacks, the working class and the poor have already experienced their power to overthrow ruling dictatorships. This is an experience which no one can rob them of and on which they will build for their future struggles.

Finally this chapter would be very incomplete without referring to the future role of the Sub-Saharan African and the Latin American proletariat. The working class in Latin America is the most developed and politically experienced proletariat of the South and has demonstrated this again in the last decade with various revolutionary uprisings (Argentina 2001/02, Venezuela 2002, Bolivia 2003-05 etc.). And the heroic miners' strike in Marikana (South Africa) as well as the mass protests against the Mugabe regime in Zimbabwe have also shown the combat readiness of the African working class.

Increasing Migration and Internationalization of the working class in the North

We have already shown the rising importance of super-exploited migrant workers for the imperialist economies in Western Europe, North America and Australia. Given the stagnation of capital accumulation in these countries as well as the superannuation of the native population, the only possibility for the monopoly capitalists to get new, young and cheap labor forces are additional

⁸⁰⁹ We have analyzed the Arab Revolution in a German-language book: Michael Pröbsting: Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes (The Half Revolution. Lessons and perspectives of the Arab Uprising, in: Der Weg des Revolutionären Kommunismus, Theoretisches Journal der Revolutionär-Kommunistischen Organisation zur Befreiung, RKOB), Nr. 8 (2011), <http://www.thecommunists.net/publications/werk-8>

imports of migrants. Not surprisingly, the OECD expects a continuation if not intensification of the past trends: *“Worldwide, migration flows are very likely to rise or at least remain constant over the next 20 years or so, much in line – on aggregate – with trends of the last 30 years.”*⁸¹⁰

The US strategists formulate the ruling class’s desire for super-exploited migrant workers in the following way: *“Increasingly, elites in developed countries are likely to consider migration policy as part of an economic growth strategy, particularly as competition grows for highly skilled employees.”*⁸¹¹

In Europe this will not only lead to a massive increase of migrants amongst the working class but also to a substantial growth of the Muslim population. The Pew Research Center reports that Europe’s Muslim population grew from 4.1% of Europe’s total population (1990) to 6% today. It forecasts further growth to 8% by 2030. In some countries the share is supposed to be even higher: France (10.3%), Belgium (10.2%), Sweden (9.9%) and Austria (9.3%).⁸¹²

The consequences of these developments will be a growing multinational composition of the working class in the imperialist countries and an increasing influence of non-aristocratic layers who are coming from the South and face additional oppression. The mass demonstrations of Latino migrant workers on May Day in the USA and the prominent role of migrant workers and youth in the Anti-war mobilizations in Europe are an indication for the future important and progressive role of migrant workers in the class struggle.

At the same time we also have to expect growing racist and social-chauvinist tendencies by bourgeois forces in the imperialist countries – including by the labor bureaucracy and their shrinking aristocratic basis inside the workers movement. These forms of chauvinism include, of course, the open reactionary right-wing racism which praises the superiority of their own nation or of the “white race”. It also includes the finely woven forms of liberal chauvinism which praises the superiority of the imperialist “democratic” aristocratic civilization and the liberal values which have to be taught to the “backward” migrants “in the interest of their own enlightenment”. Islamophobia is one of the results of this bourgeois-liberal current. Increasing calls for immigration control and discrimination of migrants at the domestic labor market will be another result.

The program of the Bolsheviks-Communists – struggle for complete equality and self-determination on all levels, against any privileges and aristocratism in the domestic workers movement, for revolutionary integration – will therefore become even more important in the coming period.

⁸¹⁰ OECD: The Future of International Migration to OECD Countries (2009), p. 43

⁸¹¹ National Intelligence Council: Global Trends 2030: Alternative Worlds (2012), p. 25

⁸¹² Pew Research Center: The Future Global Muslim Population. Projections for 2010-2030 (2011), p. 124

Great Power Rivalry and increasing imperialist leverage and wars of aggression against semi-colonies

To summarize, the capitalist world economy is in decline, the value production increasingly shifts to the South and therefore the imperialist Great Powers not only intensify their rivalry but also get more and more dependent on the capitalist production and the raw materials from the South. The only possible conclusion from this is an intensification of the tendencies we already seen in the last decade: more imperialist interventions and wars in the South as well as an increasing rivalry between the Great Powers leading to more armament.

In fact, these two tendencies are related to each other. Faced with their decline each imperialist Great Power – the USA, Germany/France/EU, China, Russia and Japan – have to struggle more to increase or even to keep their share in the world market as well as their place in the world political hierarchy. This is why they are forced to be even more aggressive against each other and against the semi-colonial countries. This is why the “war against terror” – or whatever will be the code name for imperialist aggression – will continue. It will however continue not only from the side of the USA, but increasingly also by the other Great Powers as the military intervention of France and the EU in Mali since January 2013 demonstrates.

For the reasons mentioned above the focus for the imperialist’s military interventions will likely be Eastern and South Asia as well as the Middle East. The *National Intelligence Council* report reflects the imperialists’ outlook: *“Regional dynamics in several different theaters during the next couple decades will have the potential to spill over and create global insecurity. The Middle East and South Asia are the two regions most likely to trigger broader instability. The number of potential conflicts in these two regions is rising.”*⁸¹³

The consistent anti-imperialist struggle – supporting a military victory of the semi-colonial country and calling for the defeat of the imperialist power on the basis of a socialist program for class independence – will be of decisive importance in the coming period.

In conflicts between imperialist powers – as we see it in East Asia between Japan and China (and at some point unavoidable also the U.S.) – Bolshevik-Communists will stand for revolutionary defeatism on both sides, i.e. call for the defeat of both sides and for the transformation of the imperialist war into a civil war. This will be probably be very contentious in the workers movement since many Stalinist, Bolivarians and centrists look to imperialist China as a progressive alternative to Western imperialism and will support it in such conflicts.

The increasing rivalry between the Great Powers also has important consequences for conflicts and wars in and between semi-colonial countries. In

⁸¹³ National Intelligence Council: *Global Trends 2030: Alternative Worlds* (2012), p. 70

the period of the Cold War (1948-1991) it was usually (albeit not always) the case that the imperialist camp – led by the absolute hegemon USA – supported one side and the Stalinist camp – led by the USSR – supported the other side. After 1991 the different imperialist states were usually more or less united behind the USA when it was intervening or containing this or that struggle or war in the semi-colonial world.

This has now changed because of the dramatic decline of the USA, the rise of China (and to a certain degree Russia) and the strong will (and lesser unified ability) of the European Union to play a growing global role. The result will be more conflicts and wars in the semi-colonial world where Great Powers support – veiled or openly – different sides. While such conflicts can degenerate into proxy wars, this will often not be the case. The revolutionary civil wars of the Libyan and Syrian popular masses since 2011 against reactionary dictatorships are examples of conflicts where imperialist powers supported different sides (or even had a limited military intervention like in Libya 2011). This, as we showed in chapter 12, did however not rob the rebellions of their character as authentic democratic revolutions. It will be an important task for revolutionaries to analyze each such conflict concretely and intervene with a correct revolutionary tactic. The *dual military tactic* in cases of limited imperialist interventions – where revolutionaries continue to support the progressive side in a given war but oppose sharply the intervention of imperialist powers on their side – will be an important instrument in such cases.

Increasing cases of imperialist colonial wars will trigger mass protests as we already saw in the 2000s during the US and Israeli wars of aggression in the Middle East. They will strengthen anti-imperialism world-wide amongst the popular masses and increase the demoralization in the imperialist countries themselves when the colonial powers suffer heavy losses amongst their soldiers and finally, defeats.

Tendency towards Colonialism or more room to maneuver for the semi-colonial bourgeoisie?

Let us now look again at the future dynamics between the imperialist powers and semi-colonial countries. We have pointed towards the increasing contradictions of capitalism in decline and explained that - given the further shift of capitalist value production to the South – the imperialist monopolies will become increasingly dependent on squeezing profits out of the super-exploitation of the South. This will naturally not only result in harsher economic conditions but also in more frequent political and military interventions.

It is however necessary to fully understand the contradictory nature of these developments. The world capitalist production's shift to the South forces the imperialists to increase their reactionary drive to subjugate the semi-colonial countries. This is why we can speak about a *tendency towards colonialization*. In

order to stabilize economic exploitation in a period of growing instability, the imperialists must enforce their control via political and military means. They must put the gun to the heads of the semi-colonies. The US occupation wars in Afghanistan and Iraq or the EU drive to wage war in West Africa have been expressions of this tendency. We can expect an increasing number of such colonial wars as well as veiled intervention by sending army detachments as “military advisers” etc. Indeed the *tendency towards colonialization* will become an important feature of the coming period.

However, at the same time there is also another, contrary, tendency. The combination of the shift of the capitalist production to the South and the increasing rivalry between the Great Powers have the effect, that they might allow the bourgeoisie in the semi-colonial countries sometimes a certain room to maneuver. The bourgeoisie of a given semi-colonial country can look for support from the Great Power B, if Great Power A puts more pressure on it. We have already seen in the past years that various Latin American and African countries have looked increasingly for trade agreements and foreign direct investments from China to counter the pressure from the USA.

Our thesis might seem to some readers as a formal contradiction. On one hand we speak about an increasing subjugation of the semi-colonies to imperialism. And on the other side we speak about an increasing room to maneuver for the semi-colonies. But in reality it is a dialectical contradiction, born out of the essence of the contradictions in imperialist capitalism itself. They are just two sides of the same coin. The imperialists are forced – because of the economic shift to the South and the increasing rivalry between themselves – to increase their attempts for more subjugation of the semi-colonies. But the same shift lead to a contrary dynamic – more room to maneuver for the semi-colonial bourgeoisie. In fact, this contradictory situation bears certain similarities with the state of the relationship of the Latin American semi-colonies during the 1930s on which Leon Trotsky wrote: “*This is the period in which the national bourgeoisie searches for a bit more independence from the foreign imperialists.*”⁸¹⁴

To conclude, these contradictory tendencies will lead towards more zigzags, sharp turns and massive instability in the relationship between the imperialist and the semi-colonial countries.

Globalization, regionalization and protectionism

In this book we have outlined the process of globalization and introduced the formula “*Globalization = Internationalization + Monopolization*”. We have explained that the massive amount of accumulated capital, the development of the productive forces etc. requires a world market. A retreat to relative isolation – as there was such a tendency amongst the US ruling class in the 1920s and

⁸¹⁴ Leon Trotsky: Latin American Problems: a Transcript (1938), in Writings of Leon Trotsky Supplement (1934-40), p. 784

1930 – is impossible today.

However, we have also outlined that the same process of globalization which creates improved conditions for profits and extra-profits, also creates enormous contradictions and crisis at the same time. Furthermore, capitalism rests – and will rest as long as it exists – on national states. Without them the capitalist ruling classes can neither organise their domestic basis for exploitation nor possess a strong arm for support on the world market.

However, the increasing rivalry between the Great Powers is undermining this globalization. The monopolies need a market as big as possible. But at the same time they need absolute dominance, unrestricted access for themselves but maximum possible restriction for their competitors. As a result there will be a tendency towards forms of protectionism and regionalisation. Each Great Power will try to form a regional bloc around it and restrict access for the other Powers. By definition, this must result in numerous conflicts and eventual wars.

We referred above that the semi-colonial bourgeoisie will have, to a certain degree, more room to maneuver. Such a space for maneuver could also lead to situations where the ruling class of a given semi-colonial country restricts the imports or foreign investment of this or that imperialist country. The nationalization of companies of the Spanish oil multinational corporation Repsol in Argentina under the bourgeois Peronist government of Argentine President Cristina Fernandez de Kirchner in 2012 is an example for this.

As we have elaborated in this book, revolutionary Marxists differentiate between the class character of imperialist and semi-colonial countries and hence between the imperialist and the semi-colonial bourgeoisie. This has important consequences for Marxists in the case of conflicts including wars between the two, as we have demonstrated. Such a differentiation is therefore also necessary in the case of protectionist measures. Bolshevik-Communists strongly oppose any form of protectionist measures (including for migrant labor forces!) by the imperialist ruling class. This is particularly true for the massive import restrictions for goods from semi-colonial countries (e.g. in the agricultural sector). On the other hand, we support import control against commodities from and nationalization of imperialist companies by the ruling class of semi-colonial countries. Of course, such a support by the workers movement must be critical for two reasons: first the semi-colonial bourgeoisie will try to utilize such steps as much as possible for their own interests and not for the working class. And secondly, we strongly reject the bourgeois-reformist illusions that a capitalist semi-colonial country could prosper for any longer period outside of the world market.

Nevertheless we support such steps because, first, they weaken the main enemy of the oppressed people – the imperialist powers. This in turn is not only important for the proletariat in the South, but also for the workers in the imperialist countries themselves. And, second, they imply the potential for

struggles against imperialism which the working class in the semi-colonies can utilize to strengthen its independent organizations, its links with allied petty-bourgeois classes and layers and to finally turn in a better, more powerful position against its own domestic bourgeoisie.

The Prospects of Revolution and the Crisis of Working Class Leadership

As we explained above, the present historic period is one of the historic crises of capitalism, a period which contains the objective conditions of the socialist revolution. The decline of the world economy, the sharp and abrupt changes, the political and military crisis etc. – all this will unavoidably provoke massive class struggles on a global scale.

The global objective conditions leading to an intensification of the class struggle resemble the situation Trotsky spoke about at the Comintern's Third Congress in 1921: *"The classes of Germany, the number of workers and their concentration, the concentration of capital and its organizational form- all this had taken shape prior to the war, and in particular as a result of the last two decades of prosperity (1894-1913). And later on, all this became still more aggravated: during the war — with the aid of the state intervention; after the war — through the fever of speculation and the growing concentration of capital. We thus have two processes of development. National wealth and national income keep falling, but the development of classes continues there- with not to regress but to progress. More and more people are becoming proletarianized, capital is being concentrated in fewer and fewer hands, banks keep merging, industrial enterprises become concentrated in trusts. As a result, the class struggle inevitably becomes sharper on the basis of a declining national income. Herein is the whole gist of the matter. The more restricted becomes the material foundation under their feet, the more fiercely must classes and groups fight for their share of this national income. We must not lose sight of this circumstance for a single moment. While Europe has been thrown back 30 years with regard to her national wealth this does not at all mean that she has grown thirty years younger. No, in the class sense, she has become thirty years older."*⁸¹⁵

Both in the old imperialist countries as well as in the South there is a massive re-composition of the working class underway. In the old imperialist countries the proletariat expands only little or not at all. But it is re-composed since its component of migrant workers coming from the semi-colonies is constantly growing. Such an internationalization of the proletariat in the old imperialist metropolises and an increasing influence of workers who don't come from the corrupting aristocratic milieu of the old Great Powers is undoubtedly a healthy development. It will help the working class to develop a more radical class

⁸¹⁵ Leon Trotsky: Report on the World Economic Crisis and The New Tasks of The Communist International (1921), in: The First Five Years of the Communist International Vol. 1, pp. 264-65, <http://www.marxists.org/archive/trotsky/works/1924/ffyci-1/ch19.htm>

consciousness and facilitate the formation of a revolutionary workers party.

The proletariat of the South, on the other hand, is substantially expanding as we have shown. Millions and millions of people will flock from the countryside to the urban centers and factories. Such a process implies several consequences. It strengthens the proletariat and weakens the weight of the petty bourgeois peasantry. It pulls millions of people out of the rural isolation and introduces them in the modern world. Beverly J. Silver, a progressive US sociologist, published some years ago a thoughtful book on the international workers movement and she pointed to the "*combination of the grave grievances and significant workers power in the post-colonial world which creates the conditions for permanent social crisis.*"⁸¹⁶

One also has to see the difficulties connected with these developments. Naturally, an increasing flow of new workers increases the competition in the labor market and hence lowers the wages. Also, many workers, who newly arrive from their rural homes, will have many backward prejudices initially. Combined with the historic betrayal of the traditional leaderships of the workers movement – in particular Stalinism – this is an important factor which helps to explain the present strength of various forms of (petty-)bourgeois populism in the working class in the South (like Bolivarianism, Islamism etc.).

However, the massive militancy of the Egypt textile workers in Mahalla and other cities demonstrate that the young working class in the South can and will develop their class consciousness. The example of Russia in the early 20th century shows that a young working class with many newcomers from the countryside has an enormous revolutionary potential. And, indeed, the development of the working class in the South resembles, in many aspects, Russia before 1917 – but on a global scale! The Arab Revolution, which started in 2011, was a historic confirmation of the Southern working class's revolutionary potential.

It would however be a huge mistake to imagine that the working class will arrive spontaneously to a revolutionary consciousness. The biggest obstacles of all are the corrupt labor bureaucracies, the reactionary clerical leaders and the bourgeois-populist parties. In addition to this the vanguard of the working class is faced with various forms of revisionist concepts which sound revolutionary but, in reality, are just centrist distortions of authentic Marxism. In this context, the application of the united front tactic, including the anti-imperialist united front tactic, towards these manifold bourgeois and petty-bourgeois leaderships will be of central importance in order to break the workers away from these misleaderships.

It is very likely, given the historic crisis of capitalism, that sooner or later socialist ideologies will again gain mass influence. We already see repeated references

⁸¹⁶ Beverly J. Silver: *Arbeiterbewegungen und Globalisierung seit 1870*, Berlin 2005, p. 214. This is the German translation of the English-language original "*Forces of Labor: Worker's Movements and Globalization since 1870*", Cambridge 2003. Since the author does not possess the English original, the quote is our translation.

to Marx and his analysis of crisis-ridden capitalism even in bourgeois papers. It is not accidental that even the US secret service strategists talk in their “Global Trends 2030” about a new upsurge for Marxism.⁸¹⁷ However, revolutionaries must not become complacent. The decisive question will be *which* Marxism will become popular amongst the working class? Will it be another degenerated, pacified, de-revolutionized form of “Marxism” (in fact pseudo-Marxism) which would lead the working class towards defeat and demoralization? Or will it be the revolutionary, militant, Bolshevik version of Marxism – in other words the authentic Marxism? This is the challenge and the task with which Bolshevik-Communists will be faced.

To transmit the revolutionary program into the working class and to fight against the treacherous leaderships, a communist combat organization is the necessary pre-condition. Such a communist organization is the collective of revolutionary workers and those coming from other classes, but who break with their class origins and dedicate themselves completely to the struggle for working class liberation. It understands that the revolutionary struggle has to be waged uninterrupted against the ruling class and their lackeys inside the working class, i.e. that – to use Trotsky’s words – “*Leninism is warlike from head to foot*”⁸¹⁸

The RCIT is dedicated to build a revolutionary International which understands the programmatic and practical lessons of the new historic period. Such a new International must fight for a Transitional Program which combines the daily economic demands, the issues of democratic and national liberation with the strategy for working class power in the enterprises and the state.⁸¹⁹

Given the sharpening of the class contradictions, the shift to the South and the growing imperialist aggression, we can expect that questions of democratic struggles, national liberation and anti-imperialism will substantially gain in importance. Similarly, the struggle against super-exploitation and for economic minimum demands will be a central issue. The task of revolutionaries will be to explain to the workers that a consistent solution for all these demands is only possible if the working class organizes in a revolutionary party and overthrows the capitalist class so that it can build its dictatorship of the proletariat as a step towards a classless society without exploitation and oppression.

Given the massive shift of the world proletariat to the South, it is important to translate this analysis into practical conclusions. The RCIT summarized the consequences of these important changes in the composition of the world working class in its programme “*The Revolutionary Communist Manifesto*”. We Bolshevik-Communists emphasized that the workers international organizations must pay particular attention to the South. The huge weight of

⁸¹⁷ National Intelligence Council: Global Trends 2030: Alternative Worlds (2012), pp. 119-125

⁸¹⁸ Leon Trotsky: The New Course (1923), in: The Challenge of the Left Opposition (1923-25), S. 99

⁸¹⁹ See on this Revolutionary Communist International Tendency (RCIT): The Revolutionary Communist Manifesto, published in 2012; online on the RCIT website at www.thecommunists.net/rcit-manifesto

the Southern proletariat must be reflected in their massive participation not only in the workers international organizations but also in their leaderships. The questions of particular importance for the Southern working class – the super-exploitation, national liberation struggles against imperialism etc. – must take a central place in the organizations' propagandistic and practical work.

It follows that the struggle for political and organizational independence of the working class focuses particularly on the broad mass of the working class – i.e. its lower and middle layers. This means that the workers' organizations - trade unions, youth and women's organizations and in particular the revolutionary international organization – must reflect the changing composition of the proletariat. In other words, to meet the growing significance of the proletarians of the poorer countries, of women, migrants, etc. they must strive to attract and organize them and also to represent them in their own ranks and leadership structures.

Leon Trotsky once stated, making a balance of the lessons of the successful October Revolution 1917 by the Bolshevik Party that the very essence of Bolshevism lies in its orientation towards the lower strata of the working class and the oppressed and not towards the labor aristocracy:

*"The strength and meaning of Bolshevism consists in the fact that it appeals to oppressed and exploited masses and not to the upper strata of the working class."*⁸²⁰

This is even truer today. The future revolutionary communist world party therefore has a strong semi-colonial, young, female, migrant face or it fails in its task.

Success or failure to build such a revolutionary combat party will decide the fate of humanity. Let us finish this chapter with the following paragraph from our program: *"The likely extensive nature of the current historical period also follows from this. Due to the lack of a revolutionary combat party on the basis of a Bolshevik programme, the proletariat and the masses will rather first suffer painful experiences and bitter defeats. The task is to draw the necessary lessons of this experience and to forge such a party in the fire of the battles. The masses get exhausted in the longer run and lose faith in the possibility of victory. At the same time, the ruling class upgrades its arsenal for a decisive counterattack and prepares the creation of open or semi-open dictatorships. Against the background of a deep economic and social crisis in the case of a continued failure of the labour movement the strengthening of the rabid nationalism and fascism is inevitable. The main question of the class struggle in the revolutionary period is: crush or get crushed. Only the timely construction of a revolutionary workers party based on a Bolshevik, thus a consistently revolutionary programme, can ensure that the resolute struggle of the masses ends with a victory - that is, the proletarian seizure of power – and not with a heavy defeat."*⁸²¹

⁸²⁰ Leon Trotsky: Perspectives and Tasks in the East. Speech on the third anniversary of the Communist University for the Toilers of the East (21. April 1924); in: Leon Trotsky Speaks, Pathfinder 1972, p. 205

⁸²¹ See on this RCIT: The Revolutionary Communist Manifesto, p. 14

Chapter 15: Summary

In this final chapter we want to summarize the main results of our study. In order to emphasize more clearly the most important conclusions, we will structure this summary in the form of thesis.

1. Marxism is the scientific doctrine of the working class to guide them in achieving liberation from exploitation and oppression. Hence it is the task of Marxists to study and internalize the method and fundamental doctrines of Marxism as it was elaborated by the revolutionary workers movement and its most outstanding theoreticians including Marx, Engels, Lenin and Trotsky. Furthermore, the Marxist method becomes a dead doctrine if it is not constantly enriched by studying new developments in the class society and if it is not continuously developed on the basis of the genuine method of materialist dialectics. Finally, Marxism exists and breathes as the unity of theory and practice, knowledge and action. The purpose of advancement of Marxist theory is to serve as a guide for action. In order to achieve this Marxist theory must fuse with the revolutionary working class movement. The embodiment of such a unity of theory and practice is and can only be the collective of communist men and women who fuse Marxist knowledge and action into a collective program and politics – in other words, into the formation of the revolutionary workers party and its pre-party formations. The *Revolutionary Communist International Tendency* (RCIT) is dedicated to the task of building such a party.

2. An important issue for the advancement of the revolutionary working class movement and the Marxist theory is the issue of the relationship between the imperialist countries and the semi-colonial world. The reason for this is that there have been important changes in this relationship in recent decades. Never before has such a big share of the world capitalist value been produced in the South. Never before have the imperialist monopolies been so dependent on the super-exploitation of the semi-colonial world. Never before has migrant labor from the semi-colonial world played such a significant role for the capitalist value production in the imperialist countries. Never before has a huge majority of the world working class lived in the South – outside of the old imperialist metropolises. Therefore a correct understanding of the nature of imperialism as well as of the program of permanent revolution, which includes the tactics of consistent anti-imperialism, is essential for any revolutionary organization today. A correct understanding of the consequences of the shift of the world proletariat towards the South is also just as important for the building of the revolutionary party and the new working class International.

3. Lenin's theory of imperialism is essential for understanding today's world. Lenin emphasized that the epoch of imperialism is the epoch of capitalism

in decline. It is characterized by the increasing dominance of the economy by monopolies and of world politics by a few Great Powers. As a result of this the world is divided between oppressing and oppressed nations. Super-exploitation of the oppressed countries by the imperialist monopolies is an essential feature of imperialism. Likewise is the bribery of the upper strata of the proletariat in the imperialist countries by the monopolies out of the extra profits from this super-exploitation. Trotsky and the Fourth International upheld Lenin's theory of imperialism thoroughly.

4. The essence of Lenin's theory concerning the relation between the imperialist and the oppressed countries is still valid despite the fact that today nearly all countries of the South are formally independent. They are – what Lenin called – '*semi-colonies*', i.e. countries which are formally independent but which are nevertheless nationally oppressed and super-exploited by the imperialist monopolies and powers. These semi-colonies occupy a subordinated position in the world economy and politics. In order to politically characterize a specific country in the world, it is therefore not sufficient to declare that it is capitalist and ruled by a capitalist class. Neither is it sufficient to describe the specific political regime of the given country (dictatorship, theocracy, bourgeois democracy, left-wing Bonapartism etc.). One must rather start with the *class characterization* and this includes its position in the imperialist world order, i.e. is it an imperialist-capitalist or a semi-colonial capitalist country. The semi-colonial national bourgeoisie therefore is – as Trotsky said – *only to a certain degree* a ruling class. It is at the same time *to a certain degree* also an oppressed class.

5. Various centrist currents like the SWP/IST and the CWI understand imperialism as aggressive, expansionist politics. This means that they divorce a specific form of politics from its economic foundation – monopoly capital. This was always wrong. It is, however, particularly wrong in the present period of globalization where the global dominance of monopolies is massively growing. ("*Globalization = Monopolization + Internationalization*"). Today the biggest 147 corporation's control 40% of the world economy. These monopolies are closely connected with the imperialist states which give them the necessary political and military weight to enforce their interests around the world.

6. Contrary to the claims of various revisionists who thought that capitalism was in a phase of economic upswing in the 1990s and 2000s, in reality the opposite was the case. Capitalism has tended towards stagnation since the early 1970s and this turned into a period of decline since 2007/08. The background for this is the increasing structural over-accumulation of capital and the related tendency of the profit rate to fall. It is increasingly difficult for the capitalists to invest their capital profitably so they move more and more of their capital into the sphere of speculation, etc. As a result, the rate of accumulation of productive capital is slowing down more and more.

7. Of course this tendency towards stagnation and decline must not be

understood as a gradual, one-way process. It is rather a dialectical process since the capitalist economy proceeds in economic cycles. In addition to this, even the epoch of imperialism knows longer phases of upswing. But all in all and *over the long run* capitalism is in decline and the average rate of profit tends to fall – a fact which becomes also evident if one looks at the development of world capitalism in the past four decades.

8. Against this background of declining and increasingly parasitic capitalism, the monopolies are doing everything in their power to increase their profits. They use their power to modify the effects of the law of value and to appropriate a higher share of surplus value at the cost of the capitalists that do not obtain monopoly positions. They sharpen the rivalry against each other. But most importantly, the monopolies increase the exploitation of the working class and the super-exploitation of the semi-colonial countries.

9. This drive of monopoly capital to increase the super-exploitation of the semi-colonial world led to a massive export of capital which created a shift of the production, and hence the working class, to the South. As a result, the production of capitalist values increasingly came from the South. Such a shift is a confirmation of Lenin's and Trotsky's understanding of imperialism.

10. The degree of this shift of capitalist value production to the South is massively distorted and underestimated in the official figures produced by bourgeois economists. There are a few reasons for this. First, the category "Gross Domestic Product" (GDP) confuses real and fictional values. Given that the financial sector, which creates no value, is mainly based in the rich imperialist countries, the GDP figures of the North are artificially inflated and hence lower than the share of the South in the World GDP in the official statistics. Second, there is a massive swindle contained in the GDP figures since a substantial portion of the value created in the South is appropriated in the North via the market price on which the commodity is sold in the North. Therefore, a substantial portion of the value created in the South appears in the official GDP figures as created in the North. Third, we have the massive super-exploitation of the workers in the South and the appropriation of extra profits by the monopoly capitalists in the North. Again, these profits are often counted as part of the Northern GDP but in reality are produced by the workers in the South.

11. This massive growth of the global working class was mostly due to the growth of the proletariat outside of the old imperialist metropolises. The process of industrialization has necessarily led to a massive shift of the weight of the proletariat from the imperialist metropolises towards the poorer countries. A hundred years ago – at the time of Lenin and Trotsky – the proletariat in the colonial and semi-colonial world was still quite small. This has changed dramatically in recent decades. As a result the huge majority of the world working class today lives outside of the old imperialist metropolises. $\frac{3}{4}$ of the wage laborers and 83.5% of all industrial workers live and work in the semi-

colonial countries and emerging imperialist China. (In in the year 1950 only 34% of the global industrial workers were living in the South and in 1980 this share was about 50%.)

12. In reality, the actual shift of the proletariat towards the semi-colonial and emerging imperialist countries is even bigger than official statistics indicate. This is the case for several reasons:

i) The bourgeois category “wage earners” includes not only workers. Generally one can say that in the rich imperialist countries a considerable minority of wage earners are not part of the working class, but are part of the salaried middle class (supervisory personnel, police, lower-grade manager, etc.). In the poorer countries the salaried middle class is much smaller.

ii) Moreover, we have to take into account the labor aristocracy. This uppermost part of the working class, which is bribed by the bourgeoisie with various privileges, represents a much bigger sector of the working class in the imperialist countries than in the semi-colonial proletariat.

iii) Furthermore, the proletariat in the poorer countries is larger in size than the actual numbers in the official statistics indicate. A considerable part of the workers in these countries are formally accounted not as wage earners, but as formally self-employed due to the large informal sector. However, in fact, they are part of the working class.

In short, the proportion of semi-colonial countries and emerging imperialist China in the world working class could even be as high as 80%. We can therefore conclude that today the heart of the world proletariat is in the South and in particular in Asia (where 60% of the global industrial workforce is living).

13. An important consequence of this is that the process of the World Revolution is not one in which the first line is focused on and decided in the old imperialist countries. Rather, the proletariat in the semi-colonial world and emerging imperialist China will play a decisive role. The Arab revolution underlines our thesis of the increasing importance of the semi-colonial proletariat.

14. The RCIT concludes from this that the international workers organizations must pay particular attention to the South. The huge weight of the Southern proletariat must be reflected in their massive participation not only in the international workers organizations but also in their leaderships. The questions of particular importance for the Southern working class – the super-exploitation, national liberation struggles against imperialism, etc. – must take a central place in the organizations’ propagandistic and practical work. It follows that the struggle for political and organizational independence of the working class focuses particularly on the broad mass of the working class – i.e. its lower and middle layers. It must reflect the growing significance of the proletarians of the poorer countries, of women, migrants, etc. They must strive to attract and organize them and also to represent them in their own ranks and leadership structures. The future revolutionary communist world party,

therefore, has a strong semi-colonial, young, female, migrant face or it fails in its task.

15. Faced with the stagnation and decline of capitalism, the capitalists have waged a vicious offensive against the global working class on all continents in the last decades. Both in the rich, imperialist countries and in the poorer, semi-colonial countries the capitalists increased the rate of exploitation – this means that they obtained a higher profit by increasing the rate of surplus value (i.e. the proportion of non-paid labor time appropriated by the capitalist in relation to the paid labor time received by the workers in the form of wages). The capitalists were able to succeed in this not only by raising the productivity of the workers, but also and increasingly, by prolonging the working day and by depressing the wages. This later method – depressing the wages below the value of labor power – was mentioned by Marx but has been largely ignored by Marxists since then. The increasing of the rate of exploitation took place in the past decades in all regions but, particularly in the semi-colonial world and China. It particularly affected the lower and middle strata of the proletariat. These developments are reflected in the declining wage share, the growing *précarisation* of labor and rising unemployment, and the growing poverty and inequality in income.

16. One of the most important ways for the monopolies to counter their declining rates of profits is super-exploitation in the capitalistically less developed countries. These foreign markets provide monopoly capital with:

- i) Exploitation of cheaper labour force via the export of capital,
- ii) Additional markets for their commodities and
- iii) Access to raw material.

17. The colonial and semi-colonial markets offer monopoly capital several methods in which it can obtain an extra profit. They are chiefly:

- i) Capital export as productive investment
- ii) Capital export as money capital (loans, currency reserves, speculation etc.)
- iii) Value transfer via unequal exchange
- iv) Value transfer via migration

18. Surplus value is the share of the capitalist exchange value which is not paid by the capitalists for wages or for machinery, raw materials, etc. but which they appropriate. If the monopolies export capital and invest in factories in the semi-colonial countries, they can extract an extra-profit. They can employ cheaper labor forces but still sell the commodities at the average market price in the imperialist countries. Or they sell the commodities at a market price below the average price in the semi-colonial countries. The imperialist monopolies repatriate the major part of these extra-profits from the semi-colonies to their parent company. According to the World Bank, the transnational corporations repatriated between 2/3 and 4/5 of their profits in the years 1990 to 2006.

19. Capital export becomes increasingly important for the imperialist countries. Between 1/7 and 1/5 of their accumulated capital moves into other countries in their desire for higher profits. As a result, the share of foreign capital

in the total social capital in the semi-colonial regions has risen dramatically in the last two decades. Imperialist capital is now directly responsible for between 1/10 and 1/8 of capital accumulation in semi-colonial Asia, 1/6 and 1/4 in Africa and Latin America and 1/9 and 1/5 in Eastern Europe and the former Soviet Union.

20. Marx referred to foreign trade as an important source for capital to counteract the tendency of the rate of profit to fall. The basis for this is that given the lower level of development of productive forces, capital in the (semi-) colonial countries has a higher organic composition, i.e. the share of human labour is higher relative to constant capital. As a consequence they produce relatively more surplus value and hence a higher average rate of profit. However, when the commodities of the (imperialist) more developed countries and the commodities of the (semi-colonial) less developed countries are exchanged at the world market, the law of value enables imperialist capital to gain an extra profit from an unequal exchange. It's cheaper commodities (because of the higher productivity) beat the more expensive commodities from the semi-colonial countries, force the latter to sell their commodities below its value, etc. Therefore, the stronger (imperialist) capital can sell its commodities *above* its production price and still remain cheaper on the world market than the less competitive (semi-colonial) capital. The latter is forced to sell its commodities *below* its production price and often still remains more expensive on the world market than its imperialist rivals. As a result, the stronger (imperialist) capital successfully appropriates a part of the surplus value which is created by the weaker (semi-colonial) capital. This means that unequal exchange provides an important basis for a massive transfer of value from the capitalistically less to the capitalistically more developed countries.

21. The monopolies can appropriate an extra profit via capital export as money capital (loans, currency reserves, speculation, etc.) This form of super-exploitation has gained huge proportions in the past decades. Between 1980 and 2002 the semi-colonial countries have repaid eight times what they owed in 1980! Nevertheless, by 2002 their amount of still existing debts has increased to \$2,400 billion, more than four times of what they owed in 1980! The semi-colonies lost – by paying for the debts to the imperialist sharks – about 1/27 of their annual national product in the 1980s and this loss rose to 1/16 of their annual output in the period 1997-2006.

22. In addition, the semi-colonial world loses by the deterioration of the terms of trade, i.e. the prices of commodities which they export in relation to the prices of commodities which they import. In the period 1957-2000, the terms of trade worsened for the non-oil producing developing countries by more than a third. According to Augustín Papić, an invisible transfer from the semi-colonial to the imperialist countries due to the negative development (for the South) of terms of trade took place in the 1990s which resulted in a loss of about 200 billion US-Dollars a year. At the same time, the imperialist countries become

increasingly dependent from the so-called Third World in agriculture and raw materials.

23. Just as the monopoly capital extracts surplus profits from the semi-colonial world, there is also an appropriation of extra profits through migration. Imperialist capital draws profit by paying the migrant workers *below the value of their labour force* in several ways:

- i) The capitalists can exploit the migrants often with no or only limited costs for their education since the migrants are often educated in their home country.
- ii) The capitalists often have to pay either no or only reduced costs for the pension and social security of the migrants since they have limited access to social services and when they get old they often go back to their home country.
- iii) The capitalists usually pay the migrants a wage which is substantially lower than the wage for the workers from the ruling nation. To achieve this they utilize various forms of national oppression (lack of rights if they are not citizens of the imperialist country, discrimination of the migrant's mother language, various forms of social discrimination, etc.). These forms of oppression are not only valid for first generation migrants but also for migrants of the second and third generation.

For these reasons the RCIT defines the migrants as in their huge majority "*a nationally oppressed layer of super-exploited labour force.*"

24. It is very difficult to calculate the full extent of the imperialist plundering of the semi-colonial world. Eastern German and UN economists estimated in the late 1980s and the early 1990s that the semi-colonial world was robbed by about 20-25% of their annual output. In all likelihood this share is higher today, as a very provisional and rough estimate shows.

- i) Net transfers of financial resources from the semi-colonial countries to the North was about \$1 trillion, which is the equivalent of 5% of these countries annual GDP in 2010.
- ii) There are illicit flows out of the Developing Countries of about more than US\$1 trillion annually.
- iii) We take the estimation of about \$200 billion a year loss by the "invisible transfer" for the 1990s which was a share of the semi-colonial GDP of about 3.3%. We calculate a similar share for now because we lack more actual assessments. But we note briefly that this is certainly a serious underestimation because since the 1990s the role of globalised production chains of multinational corporations has significantly increased and hence their opportunities to manipulate price setting and by this hiding the true value transfer from the South.
- iv) Concerning the loss for the semi-colonial countries by migration we take the same proportion of their total loss as the UN did in their calculation of 1992. This was US\$250 billion in 1990 which amounted to about 10-12% of the developing countries annual national income. We estimate the same proportion for today. Again this is certainly an underestimation given the huge increase of migration since then.

v) We shall also add the various other forms of values transferred to the imperialist monopolies, which are mentioned above (loss by currency exchange, royalties for patents etc.), that are some additional hundreds of billions of US-Dollars.

If we add these various figures we can calculate that the imperialist robbery of the semi-colonial world has certainly increased since the early 1990s. It can be estimated that the value transfer from the semi-colonial world to the North is at least about 30% of the semi-colonial annual GDP, if not rather more.

And this calculation is not complete since:

- i) We have not integrated the huge profits which the capitalists make by migrant labor in the imperialist countries themselves.
- ii) We have not integrated the extra profits which are hidden via pricing through which the profits appear as being created in the North while the surplus value is in fact produced via super-exploitation in the South.
- iii) And we have not integrated the profits of the imperialist monopolies appropriated abroad which are not transferred back.

Despite the lack of precise calculations we can definitely say that imperialist plundering of the semi-colonies plays a very important role to the disadvantage of the so-called Third World and to the advantage of the imperialist monopolies.

25. While, of course, specific pre-conditions which facilitated the development of capitalism existed already in Western Europe, the systematic plundering of the colonies in the 16th to 18th century played a huge role for the formation of capitalism – the phase of the primitive accumulation. It was the emergence of imperialism and the systematic exploitation of the South which hindered the latter from developing its productive forces in a similar way as it happened in Western Europe and the USA. This imperialist dominance led to a distorted economic development of the colonial world.

26. Various centrist currents reject openly or by implication the Leninist Theory of Imperialism. What these centrist criticisms have in common is that they deny implicitly or explicitly the fundamental contradictions of the imperialist epoch of which the super-exploitation of the semi-colonial world by monopoly capital is one of the prime features. Related to this is their open or implied ignorance of the existence of the labor aristocracy as a top layer of the proletariat which is bribed by the monopolies. Centrism denies or ignores these essential features of imperialism because clear recognition of these would oblige them to openly struggle against all political, ideological and organizational currents related to the labor aristocracy. It would also oblige them to openly struggle against their own imperialist powers with all the consequences including defending all semi-colonies attacked by their imperialist power and calling for the defeat of the latter. Centrism is not capable of such a consistent internationalist position. The reason is that it reflects in one or another form a petty-bourgeois class viewpoint, or more precisely, the pressure of the labor bureaucracy and the labor aristocracy as well as the progressive intelligentsia

which adapts to the capitalist class and its state. Therefore, they usually ignore the lower and oppressed strata of the proletariat. For the same reason they usually negate openly or secretly the need to smash the capitalist state and the necessary violent character of the armed uprising and the socialist revolution in general. This is why the Bolshevik Party wrote in its Programme of 1919 that "*the 'centrist' movement is also a bourgeois distortion of socialism*".

27. One of the essential pillars of the revisionist rejection of the Leninist Theory of Imperialism is their refusal to understand the so-called Third World countries as dependent semi-colonial nations. Organizations like the SWP/IST, the CWI, the IMT or the CMR/IMRT refuse to characterise the countries of the South as "semi-colonies". They argue that the relationship between the imperialist states and the South has fundamentally changed since the times of Lenin and Trotsky so that their theoretical model is no longer accurate today. Some claim that Lenin and Trotsky only dealt with colonies, but not with formally independent semi-colonies. However, the founders of the Third and Fourth International not only wrote extensively about the semi-colonial countries but also emphasised that the semi-colonies, in essence, are similarly exploited and oppressed by imperialism as colonies are. Certainly, the *form* of super-exploitation changed but not the *essence*. In fact, given the capitalist industrialization of the South, the semi-colonies' global share of capitalist value production is growing and their super-exploitation by the imperialists is increasing.

28. Centrists like the CWI, IMT or the SWP/IST claim that countries like Argentina or Iraq are not semi-colonies but "semi-industrialized capitalist countries" or even some form of imperialist country. Another category used by centrists for Southern countries like Turkey, Brazil, Iran and others is "sub-imperialist". All these concepts are revisionist distortions of the central idea of the Third and the Fourth International's concept to understand the imperialist world as divided in oppressor and oppressed nations based on a relationship of super-exploitation. They ignore that the so-called "sub-imperialist" countries are super-exploited by monopoly capital. They ignore that economic inequality between the imperialist and the semi-colonial countries, as well as super-exploitation, is today higher than any time before. Related to this, these centrists ignore the still existing national question of the semi-colonial countries caused by the imperialist subjugation.

29. Many centrist groups like the CWI, IMT or the SWP/IST either openly reject or implicitly ignore the Leninist conception of the Labor Aristocracy. This is a major failure because the labour aristocracy is one of the most important social pillars of monopoly capital in the imperialist countries. It is the main social basis for reformism and the labour bureaucracy. Lenin, Trotsky and the Communist International were of the opinion that the economic basis of the labour aristocracy is the *super-exploitation* of these oppressed nations by the imperialist monopolies and the *extra profits* which monopoly capital can acquire

by this. From these *extra profits* the monopolies can bribe the upper, aristocratic sectors of the working class and, particularly, the labour bureaucracy in the imperialist countries. Such ignorance by the centrists is often combined with an opportunistic overstatement of the progressive character of the labour aristocracy.

30. Such tendencies are also often combined with an underestimation of the importance of the middle and lower strata of the working class and of the nationally oppressed layers. We call such an approach "*Aristocratism*". It can lead to a denial of the systematic nature of national oppression and economic super-exploitation of the migrants in the imperialist countries (as it is the case with the left-centrist LFI). A much more reactionary conclusion, which resulted from a wrong understanding of the questions of the labor aristocracy and the character of the migrant's oppression, was the shameful support of many British left-reformists and centrists – like the Stalinist CPB, the CWI, the IMT etc. – for the chauvinist strike "*British Jobs for British Workers*" in 2009. At that time British workers at the Lindsey Oil Refinery wanted to stop the hiring of migrant workers – a social-chauvinist campaign which Marxist revolutionaries correctly condemned sharply.

31. One of the most important questions today is the emergence of China as a new imperialist power in the late 2000s. The main reasons for China's successful development into an imperialist power were:

- i) The continuing existence of a strong, centralized Stalinist bureaucracy which could suppress the working class and ensure its super-exploitation.
- ii) The historic defeat of China's working class in 1989 when the bureaucracy bloodily crushed the mass uprising at the Tiananmen Square and in the whole country.
- iii) The decline of US imperialism which opened the space for new powers.

32. This continuing existence of a strong, centralized Stalinist bureaucracy and the historic defeat of China's working class in 1989 enabled the new capitalist ruling class to subjugate the majority of the massively growing proletariat to super-exploitation. Based on this, the capitalists – both Chinese and foreign – could extract a massive surplus value for capital accumulation. While foreign imperialist monopolies profited from this super-exploitation of the working class, it was the Chinese bourgeoisie that was the main beneficiary. As a result Chinese capital developed monopolies which play an important role not only on the domestic market but increasingly also on the world market. Today China's monopolies are amongst the most important capital exporters. China is not only an emerging economic power, but also a political and military power. It already has the second biggest military budget. In addition it is the fifth biggest nuclear power and the sixth-biggest arms-exporting country.

33. There should be no illusions about a peaceful settlement of the inner-imperialist rivalry of the Great Powers. An imperialist war between the great powers USA (and/or Japan) and China is increasingly becoming nearly

unavoidable in the coming decade. Both powers need control over Eastern Asia which is central for world capitalist value production as well as trade. For this reason it is nearly inevitable that imperialist powers will try to influence and exploit conflicts and wars (e.g. conflicts in the South China (or East) Sea, Libya, Syria, Iran).

34. The RCIT considers the USA as well as China as imperialist powers. In a military conflict between the two (or between Japan and China), we Bolshevik-Communists will reject taking the side of one of the two rivaling imperialist powers. It would be a war of the respective ruling classes to increase their hegemony and super-exploitation of the semi-colonial countries. The correct tactic in such a conflict therefore is the revolutionary defeatism where workers in both camps raise the slogan "*The main enemy is at home*" and strive to turn the imperialist war into a civil war against their own ruling class.

35. In a conflict between an imperialist power and a semi-colonial country in the South China (or East) Sea, Marxists have to analyze every war concretely. They have to work out if the imperialist drive to subjugate a given (semi-) colonial nation is the dominant aspect in the war or if a national defense struggle is subordinated to a proxy war for an imperialist power. From this follows if the Bolshevik-Communists take a revolutionary defeatist or a revolutionary defensist position concerning the struggle of the (semi-)colonial nation.

36. Trotsky's concept of Permanent Revolution is based on the dialectical concept that the revolution can not be divided schematically into stages which are separated from each other. This does not mean that there are not different stages in the development of the revolution. This is, of course, the case. But in all stages of the revolution it is one and the same class which must lead the struggle in order to win the democratic as well as economic goals of the revolution: the working class. Naturally the working class must seek allies amongst the peasantry and the urban petty bourgeoisie. But it is the proletariat and only the proletariat which can lead the struggle to victory. From this follows that in all stages of the revolution the strategic goal is to establish the dictatorship of the proletariat and not power for any other class. While temporary blocs with sectors of the bourgeoisie can not be excluded it would be criminal for the working class to subordinate its goals and interests in order not to wreck a potential alliance with such bourgeois forces. It would be even more criminal to support the taking of power by bourgeois forces. Every sector of the semi-colonial bourgeoisie will look for a compromise with imperialism and betray the working class and the popular masses. The theory of permanent revolution assumes that if the revolution is not continued up to the socialist seizure of power, it will inevitably end with the victory of the ruling class and a counter-revolution. Similarly, the theory of Permanent Revolution considers that the revolution can not last victoriously in a single country (as Stalin claimed), but must be spread internationally. The modern economy, especially in the age of global capitalism, makes all countries dependent on the international exchange

of goods, technology and knowledge. Moreover, sooner or later the imperialist powers would not tolerate a victorious revolution in a single country. Marxists therefore support the strategy of permanent revolution not because it is more radical or “exciting”, but because it represents the only realistic way to overcome the capitalist system and establish a truly socialist society. The Program of Permanent Revolution in the semi-colonial countries contains numerous social, democratic and anti-imperialist demands and combines them with the question of power. This can be seen in the RCIT Program.

37. The epoch of imperialism is an epoch of enormous sharpening of contradictions between the classes and states. This is why it is an epoch which is marked by conflicts – including wars – between imperialist powers and semi-colonial countries and also between rivalling imperialist powers. However, Marxists don’t put all wars in the same box. There are wars and there are wars. There are wars between rival oppressors and there are wars between oppressors and oppressed. Hence, there are reactionary, unjust wars and progressive, just wars.

38. Marxists are therefore never against war in principle but distinguish between wars which serve the interests of the oppressed classes and those which only serve the ruling classes. Wars between imperialist ruling classes or between reactionary ruling classes pursuing their anti-people interests are reactionary, unjust wars. The working class must oppose both camps and fight for the transformation of the imperialist war into a revolutionary civil war against the ruling classes. In wars between imperialist ruling classes and semi-colonial people or between reactionary ruling classes and oppressed classes or nationalities, such wars are unjust from the point of view of the imperialist/reactionary camp, but are just wars from the point of view of the semi-colonial and oppressed people’s camp.

39. Based on these principles, Marxists took a defeatist position in World War I in both imperialist camps. During World War II, the Marxists – in the person of Trotsky and the Fourth International – took a similar position in the war between imperialist Germany and Japan on one hand and imperialist Britain, France and USA on the other hand. (In regard to the war between imperialist Germany and the degenerated workers state, the USSR, as well as the Chinese war against Japan or the Uprising in India against British imperialism, the Fourth International called for the defense of the non-imperialist camp.) Equally, Marxists would take such a position of revolutionary defeatism on both sides were there a war between imperialist Japan and/or USA on one side and imperialist China on the other side.

40. The revolutionary workers movement has a strong tradition of anti-imperialism. For example, the Communist International and the French Communist Party rallied their forces in the 1920s in support for the Riffians’ struggle until “*Moroccan soil was completely liberated*” from both Spanish and French imperialists. Leon Trotsky and the Fourth International continued this

revolutionary anti-imperialism. They supported the struggle of the Chinese people against Japanese imperialism in the 1930s and 1940s despite the fact that it was led by the reactionary general Chiang Kai-shek. In the last decades revolutionaries continued to uphold such a consistent Marxist anti-imperialism. In the war between semi-colonial Argentina and British imperialism on the Malvinas islands in 1982, we called for the defeat of British imperialism and the victory of Argentina, without giving any political support for the reactionary military dictatorship in Buenos Aires. In the Gulf Wars in 1991 and 2003 we Bolshevik-Communists called for the defense of Iraq against the imperialist attack without giving any political support to the Saddam Hussein regime. Similarly, we stand on the side of the Afghan resistance against the imperialist occupiers since 2001 despite being led by the reactionary Taliban forces. Similarly, we supported the Hezbollah-led resistance in Lebanon in 2006 and the Hamas-led resistance in Gaza in 2008/09 and 2012 against Israel. We also call for the defeat of the French and EU military forces in Mali and for the military victory of the Islamist rebels.

41. We reject the existence of a Jewish state in Palestine because it can only exist as long as the expulsion of the Palestinians continues to exist. Hence we reject a "two-state solution". This would deny the Palestinians the right of return to their homeland. Likewise, a Palestinian state in the West Bank and Gaza only would be reduced to a Bantustan, a dependent de-facto colony of the much richer and more powerful Israel. The State of Israel must be destroyed and be replaced by a secular, workers' and peasant republic in the whole of Palestine – from the river to the sea. In this state, the Palestinians and all those Jews, who accept the elimination of their privileges in the apartheid state of Israel, can live together equally and peacefully.

42. The basis of revolutionary anti-imperialism is the struggle for class independence of the proletariat from all petty-bourgeois and bourgeois influence and domination. For this it is necessary to fight with the masses against all their present-day leaders who serve the ruling class in one way or another. These misleaders can be the stooges of the bourgeoisie within the ranks of the workers movement – i.e. the reformist bureaucracy in the trade unions, in social democratic, ex-Stalinist and Stalinist parties. In the semi-colonial world these misleaders are often open petty-bourgeois or bourgeois forces (nationalists, Islamists etc.). Such a struggle for class independence includes the application of the united front tactic. Revolutionaries take into account that the masses still have illusions in non-revolutionary forces. When the revolutionaries advocate calls to advance the class struggle – with the formation of action councils, mass demonstrations, occupations, strikes, general strikes etc. – they direct these calls not only to the broad masses of the workers but also to the mass organizations of the class (including their leaderships). The leadership of these organizations must be actively addressed for joint actions. Given the extreme minority status of the revolutionary forces, they must seek to participate in

mass struggles led by reformists and intervene in these struggles with practical initiatives, a sharp and independent propaganda profile including explaining and warning of the treacherous role of the non-revolutionary leaderships and by putting demands on these leaderships. In doing this the revolutionaries must not give the impression that they themselves believe in the good intentions of the reformist leaders, but that they want to help the masses to make their own experience. The goal of such a united front tactic, as it was developed by the Communist International under Lenin and Trotsky, is to break the influence of the non-revolutionary forces amongst the masses and to rally them under the leadership of a Bolshevik party.

43. In the semi-colonial countries this approach also includes the anti-imperialist united front tactic. This tactic usually focuses on the terrain of minimum or democratic demands – like the struggle against imperialist domination, for national independence and unity, for democracy and democratic rights, against the domination of the domestic industries and markets by imperialist monopolies, etc. Revolutionaries seek to draw into such a united front not only the workers' organizations but also those of the petit-bourgeoisie (the peasantry, the small urban property holders, the professionals etc.) and even sections of the national bourgeoisie itself, where ever the latter is compelled to resist imperialism by the pressure of the masses. We have, however, no illusions that such sections of the bourgeoisie will consistently fight for any democratic goals – as the labor bureaucracy will not fight consistently for any working class demand.

44. It happens repeatedly that imperialist powers try to interfere in national or democratic liberation struggles in the semi-colonial world. While sectarian "anti-imperialists" mechanistically always make a minus where the bourgeoisie in their country makes a plus, the Marxists approach such wars and uprisings from an internationalist and independent working class perspective. We support those uprisings and civil wars which are favorable for the advance of the working class struggle, organizations and consciousness. We fight against those forces whose triumph is a direct and immediate threat for the working class struggle. For the same reason we oppose all forms of imperialist attack since the strengthening of imperialism automatically means a disadvantage for the working class. This leads necessarily to the application of a combined, dialectical approach of military tactics. In World War Two we could already see this when the Fourth International had to combine defensist and defeatist tactics. Such combined, dual military tactics also had to be applied in the Bosnia War 1992-95 or the Kosova War 1999. It is even more important today (Libya 2011, Syria) and will be so in the future. Given the increasing inner-imperialist rivalry – particularly if one takes the rise of emerging Chinese imperialism into account – we will see more and more cases where imperialist forces try to interfere and exploit civil wars in the semi-colonial world.

45. The Stalinist and ex-Stalinist parties in Europe – most of them are

united in the *European Left Party* (ELP) – played a double role in imperialist wars in the past decades. On one hand they participated in the anti-war movement in order to raise their profile but also to spread pacifist ideas and to contain anti-imperialist voices. However, while many rank and file members of these parties honestly participated in these anti-war activities, the leaders of the Communist Parties had a different and cynical calculation. For them anti-war activities were manoeuvres to boost their weight in the bourgeois political establishment. Where they could enter the capitalist government, they became active supporters of the imperialist war on terror. For example, the *Parti Communiste Français* (PCF) was part of the Jospin government in France 1997-2002 which actively participated in the NATO wars against Serbia in 1999 and Afghanistan in 2001. In Italy the *Partito della Rifondazione Comunista* of Fausto Bertinotti joined the neoliberal government of Prodi and supported the Italian participation in the imperialist occupation of Afghanistan. Such is the “principled opposition” of the “Communist” Parties against imperialist wars and occupations. It is only logical that they collaborated and praised the *Iraqi Communist Party*, which supported the US occupation of Iraq. It is also no accident that the PCF and the *Front de Gauche* of Jean-Luc Mélenchon support the French military intervention in Mali since January 2013.

46. Another example of the social-imperialist policy of the European Left Party is their position on the Zionist Apartheid state Israel. In their official statements they naturally oppose war and occupation. But they support – in classic Stalinist tradition – the existence of the colonial settler state Israel and endorse a Palestinian state only in the West Bank and Gaza alongside of the much more powerful and richer Israel. The ELP’s recognition of the Apartheid state Israel’s “right to exist” leads it to a refusal to support the Palestinian resistance. Worse, important ELP parties like the German LINKE repeatedly state that they are in “*Solidarity with Israel*”. They forbid their members of parliament to even support a boycott campaign against Israel or to participate in the *Gaza Freedom Flotilla*.

47. What nearly all centrists in the imperialist countries have in common is a *platonic “Anti-Imperialism”*. This means a social-pacifist or even social-imperialist capitulation to the pressure of their imperialist bourgeoisie transmitted via the labour bureaucracy and the left-liberal intelligentsia – covered by a formal opposition to imperialism and wars in words. They adapt to the imperialist pressure of their own bourgeoisie by failing to call and work for the defeat of their own ruling class, by failing to call and work for the victory of the oppressed people in the semi-colonial world against their own imperialism.

48. Usually, the centrist justify their failure in defending the semi-colonial people by referring to the bourgeois, reactionary or even dictatorial nature of the regime in these countries respectively the leadership of such resistance movements (e.g. Islamists). Thus they ignore that the attitude of Marxist revolutionaries towards a war must not be derived from superficial

appearances on the level of the political superstructure but must instead focus on the objective character of the classes involved. *It is important but not decisive for the formulation of the correct revolutionary tactic, if a given regime has a more democratic or a more fascist character, if it is religious or secular, if it uses a more progressive rhetoric or not – what is decisive is its class character, i.e. which classes does it rest on and the which classes do its action serve and respectively strike against.*

49. The Malvinas War in 1982 between British imperialism and semi-colonial Argentina showed the inability of the major forces of centrism in Britain (like the CWI or the SWP/IST) to call for the defeat of their own ruling class and for the military victory of Argentina. Instead they either took a neutral position or even supported the “right of national self-determination” of the 1,800 British colonial settlers on the Malvinas. Similarly, these organizations took a neutral, social-pacifist position during the imperialist attack on Iraq in 1991. The CWI openly continued such a social-pacifist position since the beginning of the imperialist “War on Terror”. Their leaders explicitly rejected any support for the military struggle of the people in Afghanistan, Iraq, Lebanon, Palestine and Mali under the leadership of petty-bourgeois Islamist forces. Their political adaption to the labor bureaucracy in the imperialist heartlands even goes so far that they advertise a program of “*Socialist Zionism*”: they refuse to call for the smashing of the Israeli settler state and instead call for “*a socialist Palestine side-on-side with a socialist Israel*”.

50. The opportunism of the SWP/IST expressed itself in its combination of a *platonic anti-imperialism* (i.e. half-heartily opposing the imperialist war without calling for the victory of the military resistance of the oppressed people) with a popular-frontist alliance with the Muslim small bourgeoisie in Britain where they formed the RESPECT party during the 2000s. In Germany, their opportunism even goes so far that they have integrated themselves into the LINKE party bureaucracy. They have a number of positions in the regional and central leadership and in the parliamentary apparatus as well as two deputies in the federal parliament – Christine Buchholz and Nicole Gohlke. These deputies subordinate themselves to the pro-Zionist decisions of the LINKE leadership mentioned above and don’t even dare to vote against them inside the party leadership.

51. The CMR/IRMT group supports a formally “left-wing” version of such a centrist platonic anti-imperialism. They claim that conflicts between imperialism and semi-colonies are about an “*abstract question of territorial integrity*”. They deny that there exists a national question. They wrongly counter-pose class issues and democratic issues as if the working class has no interest in tackling the democratic questions! Based on their denial of an exploitive and oppressive relationship between the imperialist and the semi-colonial countries, the CMR/IRMT justifies their refusal to defend the semi-colonial countries against imperialist attacks. Not surprisingly, they collaborate closely with such extreme right-wing centrist forces like the British AWL whose

historic leader, Sean Matgamna, publicly stated that one could hardly criticise the arch-reactionary Zionist Apartheid state Israel if it would attack Iran!

52. The perspectives of the imperialist subjugation of the semi-colonial world and the class struggle have to be seen in the context of the world historic period we are in. At the beginning of the 1990s, the ruling class could cover up the susceptibility of the crisis of their system because of the historical defeats of the proletariat: the political revolution in the Stalinist states were defeated and turned into democratic counter-revolutions and the restoration of capitalism. But already at the beginning of the 2000s, the contradictions of capitalist globalisation and imperialist war against terror led to a growing global political destabilisation. There was a pre-revolutionary development that eventually turned in the late 2000s into a new *world historic revolutionary period*. The current crisis is therefore not a coincidence, but a lawful necessity of doomed capitalism. The vulnerability of capitalism to crisis has turned into its open decline.

53. We consider the present period as one of a historic crisis of the capitalist system. It is a period where the inner contradictions of this system are posed in such a sharp way that they unavoidably provoke pre-revolutionary and revolutionary as well as counter-revolutionary situations. In other words, the aggravation of the class contradictions will pose the question of power – which class rules in the society – more often than in the past periods. The present period is therefore one in which the destruction of capitalism and the historical leap forward towards socialism is on the agenda. Even bourgeois strategists foresee an increasingly unstable world in which the economic contradictions sharpen, in which the US's hegemony declines while imperialist China is rising and where, hence, political and military conflict increase (See e.g. US's National Intelligence Council recent report "*Global Trends 2030: Alternative Worlds*".)

54. In the next decades capitalist value production and the working class will grow rather in the South than in the North. According to a recent *Hays/Oxford Economics Report* the global labor force is expected to grow by 932 million workers between 2010 and 2030. While the labor force in the old imperialist countries will stagnate, all of the labor force growth is expected to come from the South. Interestingly, China will not play a significant role in this growth but rather it will be in other countries of the South. The ten countries in which the biggest increase of workers is forecasted are: India, Pakistan, Nigeria, Bangladesh, Ethiopia, Indonesia, Congo, Philippines, Egypt and Tanzania. This means that the central weight of the working class will be shifted even more to the South than it already is. A *World Bank Report* from 2007 forecasts that by 2030 out of a global labor force of 4.144 billion, 3.684 billion (or 88.9%) will work in the South and only 459 million (or 11.1%) in the old imperialist countries. The labor aristocracy will only form a small part amongst the world working class. In 2030 about 85.6% of the global labor forces are forecasted to be unskilled. If we bear in mind that the labor aristocracy is again only a minority amongst the skilled workers, it becomes obvious that this bribed, privileged layer will

be only a very small minority amongst the future proletariat. However, as long as the revolutionary workers vanguard does not successfully push back the bureaucracy and the aristocratic elements, the labor aristocracy will still have substantial influence inside the official workers movement.

55. As a result from this growth of value producers in the South, capitalist value production will shift to the South too. We do not only think about China, but also other countries like India, Brazil and those capitalist semi-colonies which Goldman Sachs calls the “*Next Eleven*”: Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey and Vietnam.

56. Given this further shift of capitalist value producers and value production to the South, the imperialist monopolies – the multinational corporations, the financial institutions etc. – will become even more dependent on appropriating a substantial share of surplus from the semi-colonial world. In other words, to stem the tendency of the rate of profit to fall, the monopolies *must* increase their super-exploitation of the South.

57. The single most important world’s region which will gain in importance is Asia. This is not only for the obvious fact that it is the most populous continent but also because it is the continent with the most significant growth in capitalist value production as well as labor forces. A reflection of this development is the fact that 25% of the world’s crude and half the world’s merchant tonnage currently pass through the waters of the South China Sea alone. Additionally, it is the continent which saw the emergence of a new imperialist power – China. Therefore, the old imperialist powers all increasingly focus their attention to increase their influence in Asia and to counter the rise of China. Japanese imperialism will increase its military expenditures in the future in order to stop China’s growth as a power and to defeat relatively independent states like North Korea.

58. The second most important region is the Middle East and North Africa. The main reasons are on one hand that this region is home to 3/5 of the world-wide oil reserves and more than 2/5 of the world-wide gas reserves. In addition 4 of the 6 biggest oil exporters are from this region. Naturally neither the region’s reserves nor the imperialists desire to get access to them will change in the foreseeable future. At the same time the region is also home to a growing and young proletariat which started the Arab Revolution in spring 2011. Despite the unfinished character of the revolution and the various setbacks, the working class and the poor have already experienced their power to overthrow ruling dictatorships. This is an experience which no one can rob them and on which they will build for their future struggles.

59. Another important feature will be the rising importance of super-exploited migrant workers for the imperialist economies in Western Europe, North America and Australia. Given the stagnation of capital accumulation in these countries as well as the superannuation of the native population, the only

possibility for the monopoly capitalists to get new, young and cheap labor forces are additional imports of migrants. The consequences of these developments will be a growing multinational composition of the working class in the imperialist countries and an increasing influence of non-aristocratic layers who are coming from the South and who face additional oppression. The mass demonstrations of Latino migrant workers on May Day in the USA and the prominent role of migrant workers and youth in the anti-war mobilizations in Europe are an indication of the future important and progressive role of migrant workers in the class struggle.

60. At the same time we also have to expect growing racist and social-chauvinist tendencies by bourgeois forces in the imperialist countries – including by the labor bureaucracy and their shrinking aristocratic basis inside the workers movement. These forms of chauvinism include, of course, the open reactionary right-wing racism which praises the superiority of their own nation or of the “white race”. It also includes the finely woven forms of liberal chauvinism which praises the superiority of the imperialist “democratic” aristocratic civilization and the liberal values which have to be taught to the “backward” migrants “*in the interest of their own enlightenment*”. Islamophobia is one of the results of this bourgeois-liberal current. Increasing calls for immigration control and discrimination of migrants at the domestic labor market will be another result. The program of the Bolsheviks-Communists – struggle for complete equality and self-determination on all levels, against any privileges and aristocratism in the domestic workers movement, for revolutionary integration – will therefore become even more important in the coming period.

61. What will be the result of the developments that the capitalist world economy is in decline, the value production increasingly shifts to the South and therefore the imperialist Great Powers not only increase their rivalry but also become increasingly dependent on the capitalist production and the raw materials from the South? The only possible conclusion from this is an intensification of the tendencies we already saw in the last decade: more imperialist interventions and wars in the South as well as an increasing rivalry between the Great Powers leading to more armament. These two tendencies are related to each other. Faced with their decline each imperialist Great Power – the USA, Germany/France/EU, China, Russia and Japan – have to struggle more to increase or even just to keep their share in the world market as well as their place in the world political hierarchy. This is why they are forced to be even more aggressive against each other and against the semi-colonial countries. This is why the “war against terror” – or whatever will be the code name for imperialist aggression – will continue. It will however continue not only from the side of the USA, but increasingly also by the other Great Powers.

62. The consistent anti-imperialist struggle – supporting a military victory of the semi-colonial country and calling for the defeat of the imperialist power on the basis of a socialist program for class independence – will be of decisive

importance in the coming period. In conflicts between imperialist powers – as we see it in East Asia between Japan and China (and at some point unavoidably also the U.S.) – Bolshevik-Communists will stand for revolutionary defeatism on both sides, i.e. call for the defeat of both sides and for the transformation of the imperialist war into a civil war. This will be probably be very contentious in the workers movement since many Stalinist, Bolivarians and centrists look to imperialist China as a progressive alternative to Western imperialism and will support it in such conflicts.

63. Given the dramatic decline of the USA, the rise of China (and to a certain degree Russia) and the strong will (and lesser unified ability) of the European Union to play a growing global role, there will be more conflicts and wars in the semi-colonial world where Great Powers support – veiled or openly – different sides. While such conflicts can degenerate into proxy wars, this will often not be the case. The revolutionary civil wars of the Libyan and Syrian popular masses since 2011 against reactionary dictatorships are examples of conflicts where imperialist powers supported different sides (or even had a limited military intervention like in Libya 2011). This, however, does not rob the rebellions of their character as authentic democratic revolutions. It will be an important task for revolutionaries to analyze each such conflict concretely and intervene with a correct revolutionary tactic. The dual military tactic in cases of limited imperialist interventions – where revolutionaries continue to support the progressive side in a given war but oppose sharply the intervention of imperialist powers on their side – will be an important instrument in such cases.

64. It is however necessary to fully understand the contradictory nature of these developments. The world capitalist production's shift to the South forces the imperialists to increase their reactionary drive to subjugate the semi-colonial countries. This is why we can speak about a *tendency towards colonialization*. In order to stabilize economic exploitation in a period of growing instability, the imperialists must enforce their control over the semi-colonies via political and military means. They must put the gun to the heads of the semi-colonies. (e.g. the US occupation wars in Afghanistan and Iraq). However, at the same time there is also another, contrary, tendency: The combination of the shift of the capitalist production to the South and the increasing rivalry between the Great Powers has the effect that they allow the bourgeoisie in the semi-colonial countries a certain room to maneuver. The bourgeoisie of a given semi-colonial country can look for support from Great Power B if Great Power A puts more pressure on it. We have already seen in the past years that various Latin American and African countries have looked increasingly for trade agreements and foreign direct investments from China to counter the pressure from the USA. These two tendencies might look to some as a formal contradiction. But in reality it is a dialectical contradiction, born out of the essence of the contradictions in imperialist capitalism itself. They are just two sides of the same coin. The

imperialists are forced – because of the economic shift to the South and the increasing rivalry between themselves – to increase their attempts for more subjugation of the semi-colonies. But the same shift leads to a contrary dynamic – more room to maneuver for the semi-colonial bourgeoisie. These contradictory tendencies will lead towards more zigzags, sharp turns and massive instability in the relationship between the imperialist and the semi-colonial countries.

65. We have outlined that the massive amount of accumulated capital, the development of the productive forces, etc. requires a world market, which is the reason for globalization. A retreat to relative isolation – as there was such a tendency amongst the US ruling class in the 1920s and 1930 – is impossible today. However, the same process of globalization which creates improved conditions for profits and extra-profit also creates at the same time enormous contradictions and crisis. Furthermore, capitalism rests – and will rest as long as it exists – on national states. Without them the capitalist ruling classes can neither organise their domestic basis for exploitation nor possess a strong arm for support on the world market. The increasing rivalry between the Great Powers is undermining this globalization. The monopolies need a market as big as possible. But at the same time they need absolute dominance, unrestricted access for themselves but maximum possible restriction for their competitors. As a result there will be a tendency towards forms of protectionism and regionalisation. Each Great Power will try to form a regional bloc around it and restrict access for the other Powers. By definition, this must result in numerous conflicts and eventual wars.

66. In the semi-colonial world, these global developments could lead to situations where the ruling class of a given semi-colonial country restricts the imports or foreign investment from this or that imperialist country. The nationalization of companies of the Spanish oil multinational corporation Repsol in Argentina under the bourgeois Peronist government of Argentine President Cristina Fernandez de Kirchner in 2012 is an example for this. Revolutionary Marxists differentiate between the class character of imperialist and semi-colonial countries and hence between the imperialist and the semi-colonial bourgeoisie. This has important consequences for Marxists in the case of conflicts including wars between the two, as we have demonstrated. Such a differentiation is therefore also necessary in the case of protectionist measures. Bolshevik-Communists strongly oppose any form of protectionist measures (including for migrant labor forces!) by the imperialist ruling class. This is particularly true for the massive import restrictions for goods from semi-colonial countries (e.g. in the agricultural sector). On the other hand, we support import control of commodities from and nationalization of imperialist companies by the ruling class of semi-colonial countries. Of course, such a support by the workers movement must be critical for two reasons: first the semi-colonial bourgeoisie will try to utilize such steps as much as possible for their own interests and not for the working class. And, secondly, we strongly

reject the bourgeois-reformist illusions that a capitalist semi-colonial country could prosper for any longer period outside of the world market.

67. Nevertheless we support such steps because, first, they weaken the main enemy of the oppressed people – the imperialist powers. This in turn is not only important for the proletariat in the South, but also for the workers in the imperialist countries themselves. And, secondly, they imply the potential for struggles against imperialism which the working class in the semi-colonies can utilize to strengthen its independent organizations, to strengthen its links with allied petty-bourgeois classes and layers and, finally, to turn in a better, more powerful position against its own domestic bourgeoisie.

68. The decline of the world economy, the sharp and abrupt changes, the political and military crisis, etc. – all this will unavoidably provoke massive class struggles on a global scale. However, these struggles can only lead to a lasting solution if they culminate in a world-wide socialist revolution. The working class will learn in the coming struggles and gain massive experience. However, there are huge obstacles for the working class struggle. The biggest obstacles of all are the corrupt labor bureaucracies, the reactionary clerical leaders and the bourgeois-populist parties. In addition to this the vanguard of the working class is faced with various forms of revisionist concepts which sound revolutionary but, in reality, are just centrist distortions of authentic Marxism. In this context, the application of the united front tactic, including the anti-imperialist united front tactic, towards these manifold bourgeois and petty-bourgeois leaderships will be of central importance in order to break the workers away from these misleaderships.

69. The working class can not arrive spontaneously at a revolutionary consciousness. To transmit the revolutionary program into the working class and to fight against the treacherous leaderships, a communist organization is the necessary pre-condition. Such a communist combat organization is the collective of revolutionary workers and those coming from other classes, but who break with their class origins and dedicate themselves completely to the struggle for working class liberation. The RCIT is dedicated to build a revolutionary International which understands the programmatic and practical lessons of the new historic period. Such a new International must fight for a Transitional Program which combines daily economic demands and the issues of democratic and national liberation with the strategy for working class power in the enterprises and the state.

70. The RCIT summarized the lessons of the class struggles and the political developments in the past decades in its programme "*The Revolutionary Communist Manifesto*". Based on this program we are fighting for the formation of a revolutionary *Fifth Workers International*. We know that success or failure to build such a revolutionary combat party will decide the fate of humanity. We want to fight together for this goal with all revolutionary-minded workers and activists. Join us in this struggle! Join the RCIT!

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About the Author

Michael Pröbsting was born in Vienna (Austria) in 1967. He became politically active when he was 14 years old and has been an organized Trotskyist militant since the age of 16. After five years of membership in the “*United Secretariat of the Fourth International*” of Ernest Mandel, he joined the *League for a Revolutionary Communist International* (later renamed to *League for the Fifth International*) in February 1989. He served on the leadership bodies of the Austrian section since 1989 and of the LRCI/LFI since 1994 until he and his comrades-in-arms were expelled by the majority of this organization in April 2011. Soon after this, they founded the *Revolutionary Communist Organization for Liberation* in Austria and the *Revolutionary Communist International Tendency* which has sections in Pakistan, Sri Lanka, USA and Austria. He serves as the International Secretary of the RCIT.

As part of his international political work, Michael Pröbsting stayed for longer periods in Occupied Palestine (Israel) in 1985, in Eastern Germany during the political revolutionary process in 1989/91, in Britain in 1994 and during the revolutionary period in Argentina in 2002. In addition, he gained experience in the workers and anti-imperialist movement during his numerous visits to Sri Lanka, Lebanon, Turkey, Greece, Kosovo, Serbia, Ukraine, Russia, Slovakia, Czech Republic, Hungary, Italy, Germany, Britain, France, Belgium, Netherlands, Sweden and the USA.

Michael Pröbsting is the author of many articles and pamphlets in both the German and English languages. He has also published books on Migration (“*Marxismus, Migration und revolutionäre Integration*”, 2010) and the Arab Revolution (“*Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes*”, 2011). Furthermore, he contributed to books on Rosa Luxemburg (“*Rosa Luxemburg – ‘Ich bin ein Land der unbeschränkten Möglichkeiten’*”, 1999) as well as the “*The Credit Crunch – A Marxist Analyses*” (2008) which has been published in English, German and Turkish.

In *The Great Robbery of the South* Michael Pröbsting analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the “Third World”) by the imperialist powers and monopolies. He shows that the relationship between the small minority of rich capitalist countries and the huge majority of mankind living in the semi-colonial world forms one of the most important elements of the imperialist world system we are living in.

The Great Robbery of the South shows that the past decades have been a complete confirmation of the validity of Lenin’s theory of imperialism and its programmatic conclusions.

The Great Robbery of the South demonstrates the important changes in the relationship between the imperialist and the semi-colonial countries. Using comprehensive material (including 139 Tables and Figures), Michael Pröbsting elaborates that never before has such a big share of the world capitalist value been produced in the South. Never before have the imperialist monopolies been so dependent on the super-exploitation of the semi-colonial world. Never before has migrant labor from the semi-colonial world played such a significant role for the capitalist value production in the imperialist countries. Never before has the huge majority of the world working class lived in the South – outside of the old imperialist metropolises.

In *The Great Robbery of the South* Michael Pröbsting argues that a correct understanding of the nature of imperialism as well as of the program of permanent revolution which includes the tactics of consistent anti-imperialism is essential for anyone who wants to change the world and bring about a socialist future.



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). He is the International Secretary of the *Revolutionary Communist International Tendency*.