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## The Catastrophic Failure of the Theory of “Catastrophism”

On the Marxist Theory of Capitalist Breakdown and its Misinterpretation

by Michael Pröbsting

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# The Catastrophic Failure of the Theory of “Catastrophism”

## On the Marxist Theory of Capitalist Breakdown and its Misinterpretation by the Partido Obrero (Argentina) and its “Coordinating Committee for the Refoundation of the Fourth International”

*A Pamphlet by Michael Pröbsting, International Secretary of the RCIT, 27 May 2018*

### Introduction

Since the days of the revisionist theoretician Eduard Bernstein more than 100 years ago, debates about the so-called theory of capitalist breakdown have taken place inside the Marxist movement. Broadly speaking, this debate basically deals with the question if the inner laws of capitalism are steering it towards crisis and, ultimately, towards breakdown or if it could exist for very long or even indefinitely.

The former opinion is held by those who consider themselves as orthodox Marxists and the later by the open or hidden supporters of revisionism (which includes also many pseudo-Marxists). Related with this issue has been the question of political strategy: should the workers movement orient towards the revolutionary overthrow of the capitalist system, which is the orthodox Marxist position, or towards reforming it?

The *Revolutionary Communist International Tendency* (RCIT) adheres to the theoretical school of orthodox Marxism which defends the theory of capitalist breakdown. This school is associated, first and foremost, with the names Vladimir Ilyich Lenin and Leon Trotsky, but includes also Rosa Luxemburg and other, less known, theoreticians like Henryk Grossmann, Fritz Sternberg, Paul Mattick and Eugen Varga, to name a few.<sup>1</sup> Albeit important differences exist in between these theoreticians, they all defended the tendency of capitalism to breakdown and opposed the revisionist school.

It would go beyond the scope of this essay to discuss these differences in detail or even to present a comprehensive overview of this century-long debate. We rather intend, in this pamphlet, to present a summary of our understanding of the Marxist theory of capitalist breakdown and to compare it critically with the conception of the Argentinean *Partido Obrero* (PO, Workers Party) which is the dominant component of the international alliance called *Coordinating Committee for the Refoundation of the Fourth International* (CRFI). These forces are important currents among those who claim adherence to Trotskyism.<sup>2</sup>

As we will demonstrate below, the comrades of PO/CRFI uphold an extraordinary one-sided, undialectical interpretation of the Marxist theory of capitalist breakdown. (The comrades prefer the term “catastrophism” for their theory.) This is not a purely theoretical question but has important consequences for their understanding of the world situation and hence for the strategic perspectives and programmatic answers. This pamphlet should help to understand the methodological failures of the theory of “catastrophism” and outline an orthodox Marxist conception which, in our opinion, serves as a basis for a revolutionary perspective in the present historic period.

### A Note on the PO’s Term “Catatrophism”

Before dealing with the arguments in substance we can not ignore an issue which seems to be of purely terminological character but which however is highly symbolic. It is somehow strange that the PO comrades positively use the term “catatrophism” for their theoretical conception of the decline of capitalism. Despite the fact that the PO dedicated special articles about the historical origin of term “catatrophism”, they seem to be completely unaware of the fact that the very term “catatrophism” has not been invented nor taken up by the Marxists but rather by the revisionist opponents of the Marxist theory of capitalist breakdown!<sup>3</sup> Instead they are musing in their articles about the origin of this term by the biologists Charles Robert Darwin and Thomas Henry Huxley!

It was Eduard Bernstein, a German social democrat theoretician and the “father” of revisionism, who used this term in his letter to congress of the German social democratic party in October 1898 and continued to use it in his famous book *“Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie”* in the following year.<sup>4</sup> There he wrote: *“The adherents of this theory of a catastrophe base it especially on the conclusions of the Communist Manifesto. This is a mistake in every respect.”*<sup>5</sup>

The orthodox Marxists themselves, like Rosa Luxemburg and Karl Kautsky (at that time) as well as, later, Lenin and Trotsky did not use the term “theory of a catastrophe” or even “catatrophism”. Personally, I am not aware of a single quote where they would have used this phrase (neither in German nor in English language). They rather always spoke about the theory of the “breakdown” respectively of the “collapse” of capitalism.

Surely, this would be no big issue if it would be only a terminological question. But, in fact, it is symbolic that the PO uses the prerogative term “catatrophism”, which has been invented by the revisionists in order to ridicule orthodox Marxism, as a positive category for their own theory. Worse, the PO, lacking a clear and explicit programmatic method to differentiate itself from other “Trotskyist” organizations, puts their idiosyncratic theory of “catastrophism” in the center of their political profile. Jorge Altamira, PO’s historic leader, emphasized once more in a speech at a recently hold conference, that his organization and the whole CRFI distinguishes itself from others as a *“declaredly catastrophistic current”*.<sup>6</sup>

And, unconsciously, they are right to do because the PO’s interpretation is indeed a unique, we shall better say idiosyncratic, caricature of the original Marxist theory of capitalist breakdown which not many dare to raise.

However, in order to demonstrate the validity of our criticism, let us first positively summarize what the Marxist classics said about the theory of capitalist breakdown.

## What did the Marxist Classics Say? A Brief Overview

While various so-called Marxists deny that there exists something like a theory of capitalist breakdown, the evidence from the side of the Marxist classic is pretty obvious. Let us present a few quotes to prove our case.

The most famous passage of Marx on capitalism's destiny can be found in the chapter 24 of Volume I of *Capital*.

*"Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise 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, organised 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. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. Thus integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated. The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation. This does not re-establish private property for the producer, but gives him individual property based on the acquisitions of the capitalist era: i.e., on co-operation and the possession in common of the land and of the means of production."*<sup>7</sup>

Marx already formulated a similar thought in the *Grundrisse* - his groundwork for *Capital*:

*"Since this decline of profit is synonymous with a decline in the ratio of immediate labour to the amount of objectified labour which it reproduces and posits anew, capital will try everything to make up for the smallness of the proportion of living labour to the size of capital in general, and hence for the smallness of the proportion which surplus value, if expressed as profit, bears to the preposited capital. It will seek to do so by reducing the allotment made to necessary labour and by still more expanding the quantity of surplus labour with regard to the whole labour employed. Hence the highest development of productive power together with the greatest expansion of existing wealth will coincide with depreciation of capital, degradation of the labourer, and a most straightened exhaustion of his vital powers. These contradictions lead to explosions, cataclysms, crises, in which by momentaneous suspension of labour and annihilation of a great portion of capital the latter is violently reduced to the point where it can go on fully employing its productive powers without committing suicide. Yet, these regularly recurring catastrophes lead to their repetition on a higher scale, and finally to its violent overthrow."*<sup>8</sup>

We therefore fully agree with the assessment of Roman Rosdolsky – an Ukrainian Trotskyist and an excellent Marx connoisseur – when he concluded in his study on the genesis of *Capital*:

*"The assertion that Marx did not propose a 'breakdown theory' is primarily attributable to the revisionist interpretation of Marx before and after the First World War. Rosa Luxemburg and Henryk Grossmann both rendered inestimable theoretical services by insisting, as against the revisionists, on the*

*breakdown theory."*<sup>9</sup>

Later Marx's approach was fully supported and refined by Lenin and Trotsky. Writing a balance sheet of the discussion between the Marxists and the revisionists, Lenin confirmed in 1908 Marx's theory of breakdown.

*"Passing to political economy, it must be noted first of all that in this sphere the "amendments" of the revisionists were much more comprehensive and circumstantial; attempts were made to influence the public by "new data on economic development". (...) It was said that the "theory of collapse" to which capitalism is heading was unsound, owing to the tendency of class antagonisms to become milder and less acute. (...) The position of revisionism was even worse as regards the theory of crises and the theory of collapse. Only for a very short time could people, and then only the most short-sighted, think of refashioning the foundations of Marx's theory under the influence of a few years of industrial boom and prosperity. (...) That capitalism is heading for a break-down – in the sense both of individual political and economic crises and of the complete collapse of the entire capitalist system has been made particularly clear, and on a particularly large scale, precisely by the new giant trusts. The recent financial crisis in America and the appalling increase of unemployment all over Europe, to say nothing of the impending industrial crisis to which many symptoms are pointing – all this has resulted in the recent "theories" of the revisionists having been forgotten by everybody, including, apparently, many of the revisionists themselves. But the lessons which this instability of the intellectuals had given the working class must not be forgotten."*<sup>10</sup>

Later Leon Trotsky confirmed repeatedly the Marxist theory of breakdown in his writings. Leaving aside the famous passage from the Transitional Program in 1938, he emphasized this thought in various writings.<sup>11</sup> In his theses *"War and the Fourth International"* (1934) he stated:

*"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."*<sup>12</sup>

In another essay, which appeared in 1939 as a preface to Otto Rühle's *"Living Thoughts of Karl Marx"*, Trotsky wrote:

*"Marx began with a criticism of that political economy, exposed its errors, as well as the contradictions of capitalism itself, and demonstrated the inevitability of its collapse."*<sup>13</sup>

*"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. (...) 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,*

Figure 1. World Rate of Profit and Average Rate in Core and Peripheral Countries (1869-2010) <sup>17</sup>

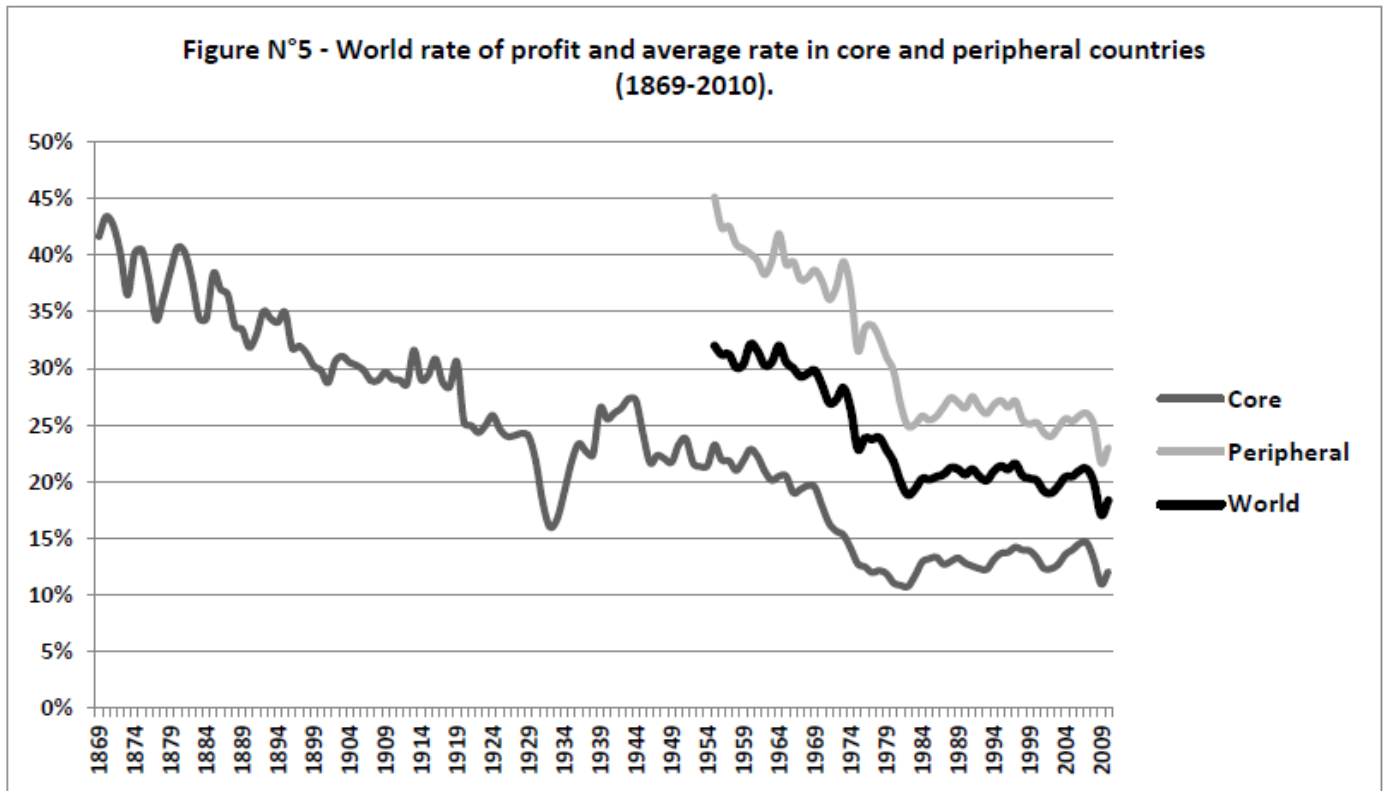
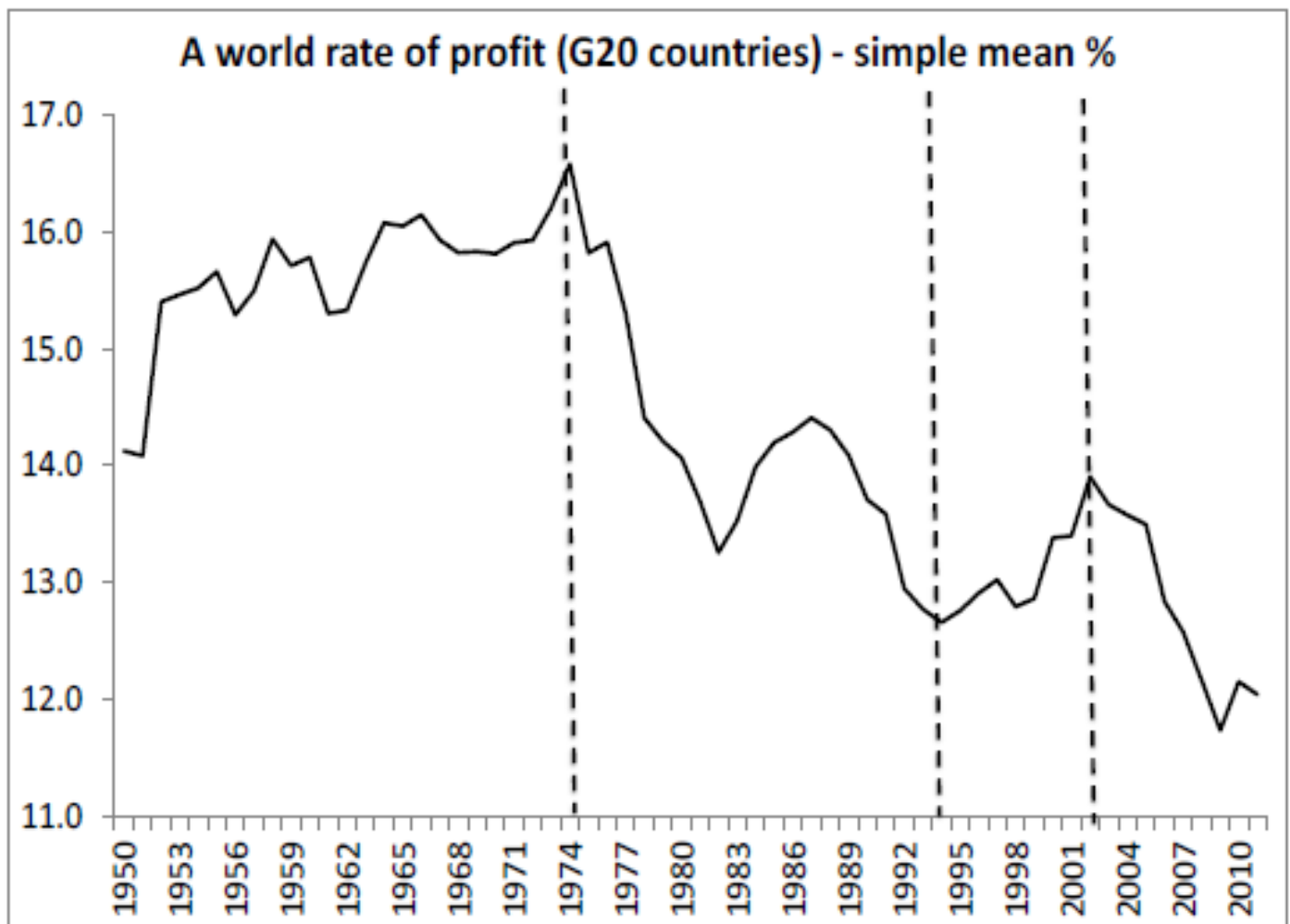


Figure 2. World Rate of Profit (G20 Countries), 1950-2011 -Simple Mean, in % <sup>18</sup>



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."<sup>14</sup>

We could give many more quotes but for reasons of space we leave it at that. However, we are convinced that these quotes are sufficiently clear to show the reader that the theory of capitalist breakdown has always been an indispensable component of Marxism's theoretical arsenal.

### Empirical Evidence for the Long-Term Decline of Capitalism

One of the fundamental causes behind the decay of the productive forces in capitalism is the law of the tendency of the rate of profit to fall. As Marx elaborated in *Capital Vol. III*, this means that, in the long run, the share of surplus value becomes smaller relative to all of the capital invested in production (in machinery, raw materials, etc., as well as wages paid to workers). Therefore, the surplus value which can potentially be used for the reproduction of capital on an extended level becomes less and less. This inevitably leads to disruptions and crises and a historic tendency of decline as it becomes less and less profitable for the capitalists to invest in the expansion of production. While numerous left-reformists and centrists (e.g., the CWI), openly or hidden, ignore this law, Marx emphasized:

*„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.“*<sup>15</sup>

While bourgeois statistics make it not easy to dissect the development of the capitalist value production, accumulation and rate of profit, there are various indications which verify the Marxist thesis of capitalism's decay.

In Figure 1, 2 and 3 we can trace the long-term fall of the profit rate. Naturally, over-accumulation of capital and the tendency of the rate of profit to fall is not a linear process, but its tempo and dynamics are influenced by various counter-veiling tendencies – most importantly by the relation of forces between the classes, i.e., the political class struggle.<sup>16</sup> However, while such factors can for some time slow down or temporarily halt the fall of the rate of profit (as happened in the 1990s, for example, as a result of the coalescing neoliberal offensive, advance of imperialist globalization, and the collapse of the Stalinist workers' states), they cannot stop – or even reverse – the decline for in the long run.

The tendency of the rate of profit to fall led in turn to a decline of the rate of capital accumulation, i.e., the expanded reproduction of capital, as well as of output. In Table 1 we see the decelerating dynamic of the growth of the global Gross Domestic Product from an annual average of +3,8% in the 1970s to +3,2% (1980s), +2,8% (1990s), +2,6% (2000s) to +2.4% (2011-2013). The numbers in Table 2, which

we take from another UN study, are slightly different but demonstrate exactly the same declining dynamic.

The tendency of capitalist decline becomes even more pronounced if we examine the dynamic of capital accumulation in the imperialist metropolises during the same period (see Table 3). While the growth rate of capital accumulation in the US, Japan und EU-15 was between 5% and 15% in the 1960s, it declined to between 2% and 5% in the subsequent decades. In the first decade of the new millennium, there was outright stagnation or even decline (with a growth rate of between -0.4% and -1.9%).

We leave it with reproducing these few statistics which confirm the historic decline of capitalism and move forward in discussing the Marxist theory of breakdown and its relevance to understand the historic period in which we are living.

### What will come after Capitalism?

The inevitable collapse of capitalism does not automatically mean that this system will be replaced by a historically progressive socio-economic mode of production, i.e. socialism. Unfortunately, this is by no means inevitable. We know from various examples in history that the terminal crisis of a given socio-economic mode of production does not necessarily result in higher type of society. It can also lead to historic regress and the emergence of an inferior, more backward type of society.

To give a few examples we could refer to the collapse of the Roman Empire in the fifth century, the annihilation of the Abbasid Caliphate with all its cultural and scientific achievements by the Mongols in the 13<sup>th</sup> century (the monstrous devastation of Bagdad in 1258!) or the destruction of the emerging bourgeois society in Northern Italy by the Vatican and other feudalistic rulers in the 14<sup>th</sup> and 15<sup>th</sup> century.

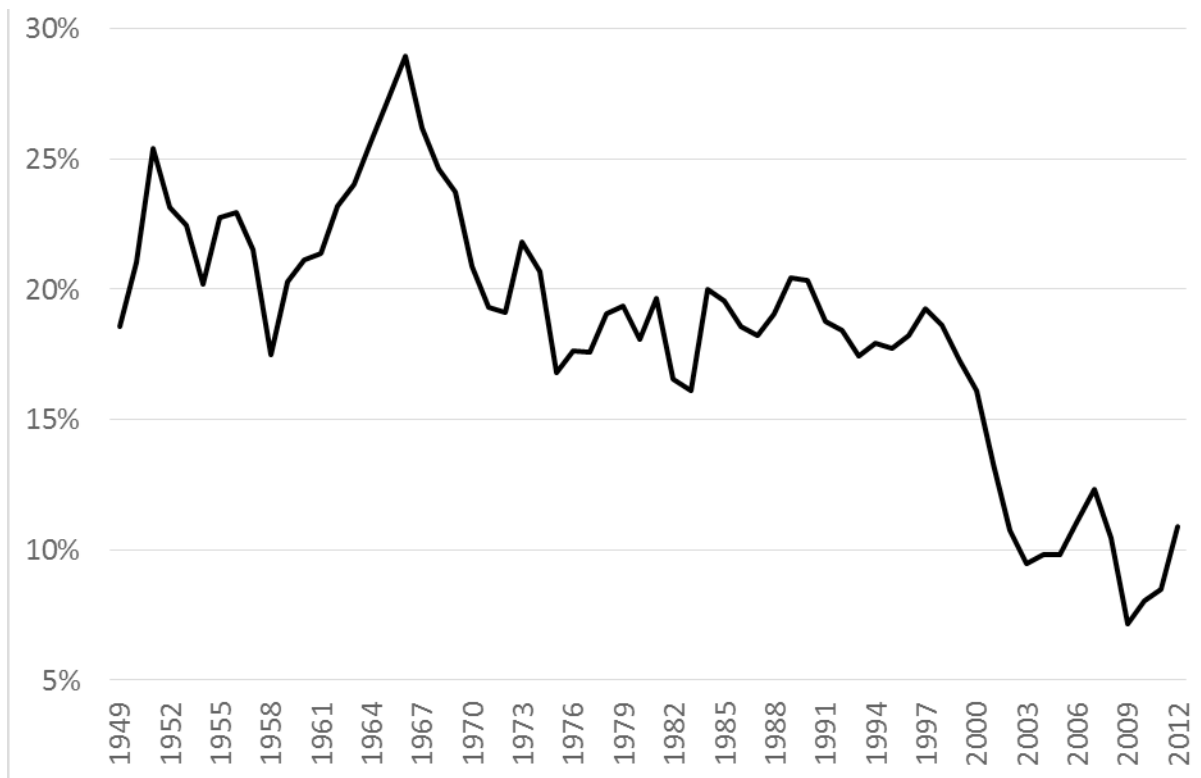
Rosa Luxemburg, the famous Polish-Jewish Marxist who became the founder of the German Communist Party before she was murdered by right-wing Freikorps troops under the command of the social democratic minister Gustav Noske, formulated it so famously in her draft program for the *Spartacus League*: humanity is faced with the alternative "*Socialism or Barbarism*".<sup>23</sup>

Such a danger is much more present in the current historic period. As we outlined somewhere else, the decay of capitalism provokes not only hunger and poverty, but also a dramatic climate change with devastating consequences as well as the risk of a nuclear world war between the Great Powers. In short, the very survival of humanity is in danger! It is only a successful socialist revolution of the international working class which can avoid such a horrible outcome. Hence, the struggle for socialism is not only a struggle for the improvement of the living conditions of the popular masses, it is also a struggle for their survival!

In one of RCIT's world perspective document, we concluded:

*“To summarize, capitalism is in the throes of a historic period of decline which threatens not only the world economy but also the living standard of the popular masses, and even puts the survival of humanity in danger. The current period is characterized by what Trotsky described as a “declining curve of capitalist development”. It is the decay of the productive forces*

**Figure 3. The US Rate of Profit (Excluding 'Fictitious Profits'), 1949-2012, in %** <sup>19</sup>



**Table 1. Average Annual Growth Rate of the World Gross Domestic Product, 1971–2013 (in % p.a.)** <sup>20</sup>

1971–1980	+3.8%
1981–1990	+3.2%
1991–2000	+2.8%
2001–2010	+2.6%
2011–2013	+2.4%

**Table 2: The development of global Gross Domestic Product, 1960–2010 (in absolute numbers as well as average annual growth)** <sup>21</sup>

<i>Global GDP in absolute numbers</i>	<i>Average annual growth rate (5 years)</i>	<i>Average annual growth rate (10 years)</i>
1960: 7279		
1965: 9420	1960–1965: +5.88%	
1970: 12153	1965–1970: +5.80%	1960–1970: +5.84%
1975: 14598	1970–1975: +4.02%	
1980: 17652	1975–1980: +4.18%	1970–1980: +4.09%
1985: 20275	1980–1985: +2.97%	
1990: 24284	1985–1990: +3.95%	1980–1990: +3.46%
1995: 27247	1990–1995: +2.44%	
2000: 32213	1995–2000: +3.64%	1990–2000: +3.04%
2005: 36926	2000–2005: +2.93%	
2010: 41365	2005–2010: +2.40%	2005–2010: +2.66%

*Legend: GDP figures are in billions of constant 2000 US dollars. The growth figures are the respective averages of the five ten years cycle (our calculations).*

*which constitutes the fundamental, the most important factor, for the acceleration of the contradictions between the classes which is so characteristic of the historic period since 2008. It is because of the declining dynamic of capital accumulation and the growth of profits that the bourgeoisie is forced, lest it face ruin, to relentlessly attack the working class. For the very same reason the imperialist bourgeoisie is forced to relentlessly strangle the semi-colonial countries of the South and to wage more and more military interventions and occupations. And it is for the very same reason that the rivalry between the imperialist Great Powers is accelerating, since they have to struggle against one other to gain a larger share of the relatively decreasing production of global capitalist value. Finally, if the imperialist Great Powers are not smashed by revolutionary international working class, their rivalry will lead to World War III. The working class can only end this continuous chain of misery, wars and catastrophes via a world socialist revolution. Rosa Luxemburg's statement that humanity is faced with the alternative "Socialism or Barbarism" is more relevant than ever. Under the conditions of the early 21<sup>st</sup> century, the concretization of Luxemburg's statement means: "Socialism or Widespread Death through Climate Destruction and World War III!"<sup>24</sup>*

### Epoch and Periods

However, it is widespread misunderstanding – purported both by supposed defenders of Marxism as well as critiques – that the classics would have concluded from the theory of breakdown that capitalism would be about to collapse at any time or that one could mathematically calculate the number of years until its vanishment.

In fact, capitalist development – as life in general – proceeds in a dialectical way, with ups and downs, progress and setbacks, etc. It is therefore not sufficient for Marxists to point out the unavoidable decay of capitalism. One has to dissect also the different periods and phases in the development. Without this, a revolutionary organization is without a compass and a concrete orientation for the strategy and tactics in the struggles ahead.

Lenin, and with him all orthodox Marxists, define the epoch of capitalism which began at the turn to the 20<sup>th</sup> century, as the epoch of imperialism or as epoch of *"monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism."*<sup>25</sup> Such an epoch is very different from the earlier epochs of capitalism in which this socio-economic mode of production prospered and ascended.

Furthermore, the RCIT and its predecessor organization have always emphasized that Marxists are obliged to carefully analyze different historic periods within the epoch of imperialism. What do we mean by a historic period? On an abstract level – and we have to be abstract to clarify a theoretical category – a period is a phase distinct from others by:

\* The economic development (dynamic of capital accumulation, profit rate...) or as Trotsky called it: *"the curve of capitalist development"*

\* The relation of forces between the classes; i.e. between the antagonistic classes – bourgeoisie, proletariat and other oppressed classes –, as well as between the ruling classes organized in different national states.

It is the concrete combination and interaction of these two factors – politics and economy – which defines the character of a period. Trotsky always insisted that there is

no mechanic, one-sided relation between these two factors but rather a dialectical one.

We have elaborated on this issue more extensively somewhere else.<sup>26</sup> At this place we intend to illustrate this point only with a few examples. World War II, at least from spring 1943 onwards, opened a period of massive political convulsions including revolutionary crisis, civil wars and radical political and social transformations – especially in Europe and Asia. However, due to i) the massive destruction of capital – laying the basis for a new phase of accelerated accumulation of capital -, ii) the treacherous role of Stalinism resulting in severe defeats of the working class, as well as iii) the emergence of the U.S. as the absolute hegemon among the imperialist powers, capitalism was able to temporarily halt its decay of productive forces (the so-called period of the "long boom" in the 1950s and 1960s). The working class was faced with a historic period which we have characterized as *"democratic counterrevolutionary"*.

However, unable to overcome the fundamental contradictions of the imperialist epoch, the capitalist world system entered again a period of crisis and a tendency towards economic stagnation in the late 1960s and early 1970s. This was combined with serious defeats for U.S. imperialism (Vietnam) and a massive upsurge of the international class struggle (e.g. France, Italy, Spain, Argentina, Chile, Palestine, Turkey, India, Pakistan, South Africa, Burkina Faso, etc.).

However, given the deep crisis of leadership the working class and oppressed people suffered a number of defeats and setbacks so that the imperialist bourgeoisie and the capitalist class in the semi-colonial countries were able to launch a counterrevolutionary offensive in the 1980s (neoliberal austerity policy, second Cold War against the USSR, military coups in Latin America, Pakistan, etc.). The Stalinist counter-revolution in Poland in 1981 added another defeat for the international working class.

Without going into detail we can mention, as other bifurcations which opened new historical periods, the collapse of Stalinism and the capitalist restoration in the former USSR and China after 1989-91 and, later, the 9-11 attack and the Afghanistan war in 2001. Each of these periods was characterized by a different relation of forces between the classes. The victories capitalist counterrevolution shifted the relation of forces in favor of the imperialist bourgeoisie, without however overcoming the over-accumulation of capital, the tendency of the profit rate to fall and the stagnation tendencies of the capitalist productive forces.

From 2001 onwards we saw an acceleration of the capitalist contradictions and in particular the beginning of the end of the absolute hegemony of U.S. imperialism. This development resulted in the Great Recession in 2008/09 which opened a historic period in which we currently living in.

While *all* features of the imperialist epoch exist in *all* periods within, *different* features have *varying* importance in *each* of these periods. In the current historic period, for example, the rivalry between the imperialist Great Powers and the decay of capitalism are much more relevant than in previous periods. The struggle against imperialist intervention and occupation in the semi-colonial world has played a more significant role in the periods since 2001



than before.

We hope that this brief overview is sufficient to demonstrate our argument that different historic periods exist within the imperialist epoch and that these periods are characterized by different dynamics in the capitalist world economy as well as the political relation of forces between the classes.

As a side-note we remark that a close analysis of the world political developments will demonstrate that even within these historic periods, different political phases can be identified.<sup>27</sup>

### The Current Historical Period which Opened in 2008/09

Let us now briefly characterize the present historic period which has opened in 2008. Since its beginning we have insisted that this period contains a *revolutionary* character. In a resolution written in early January 2009 we made the following prognosis which, in our opinion, has been fully vindicated since then:

*“The new period is characterized by a historical crisis of capitalism. It is a period not of years but 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 retreating rather 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 feature. World politics will be characterized by increasing instability and rivalry because the imperialist hegemon – the United States of America – is no longer capable of dominating the world. Faced with this 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.”<sup>28</sup>*

As we said in this resolution, and later elaborated more in detail, the basis of the revolutionary character of the new historic period was the dramatic decay of the productive forces. While the epoch of imperialism is generally marked by a stagnation of the productive forces, within it there are periods of varying tempos and dynamics for the development of the productive forces. In the current period, we can clearly see a decay of the productive forces. This finds its expression in unprecedented low growth of the world economy, low productivity, combined with record levels of global debts, the dramatic consequences

of the devastating climate change which is endangering the survival of humanity, wars which result in massive destruction and huge refugee movements, etc. (See the next chapter for empirical evidence.)

As Trotsky once pointed out, the reduction of national economic wealth inevitable sharpens the contradictions between the classes and will, sooner or later, provoke clashes and explosions between the classes.

*“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.”<sup>29</sup>*

By defining the historic period as “revolutionary” we never implied that there is a permanently present “revolutionary situation”. We rather pointed out that the economic and political equilibrium has become so instable that it inevitable results, again and again, in sharp tensions between the Great Powers, wars, pre-revolutionary and revolutionary as well as counter-revolutionary developments. The revolutionary character of the period lies in the fact that the acceleration of the contradictions provokes inevitable political and economic explosions and sharp zigzags. In a World Perspective document adopted in December 2016, the RCIT summarized its characterization of the historic period in the following way:

*“In summary: revolutionaries must be absolutely clear about the character of the present historic period, as well as about the nature of the phase within this period. Since the beginning of the Great Recession in 2008, we have been living in an historic revolutionary period. This is a period characterized by the acute decay of capitalism. In this period, the clashes and struggles being waged along the three fronts of imperialism’s*

**Table 3. Growth Rate of Gross Fixed Capital Formation in USA, Japan and EU-15, 1961–2010 (in % p.a.)<sup>22</sup>**

	USA	Japan	EU-15
1961–1970	+4.7%	+15.7%	+6.0%
1971–1980	+3.3%	+3.5%	+1.9%
1981–1990	+3.5%	+5.7%	+2.8%
1991–2000	+5.4%	-0.6%	+1.8%
2001–2010	-0.4%	-1.9%	+0.4%

contradictions are unavoidably exacerbated in all regions of the world: (a) the struggle between the bourgeoisie and the world proletariat; (b) the struggle of the Great Powers and monopoly capital against the oppressed people in the South; and (c) the conflicts between the imperialist rivals. These, in turn, will provoke revolutions, counterrevolutions and wars, and offer numerous opportunities (as well as dangers) for the working class to advance in its struggle for liberation. Currently we are living in a phase characterized by the reactionary offensive of the ruling class, one which has already resulted in a number of defeats for the workers and oppressed due to the chronic crisis of revolutionary leadership. However, this reactionary offensive unavoidably provokes new contradictions and new struggles. The new World Party will be forged under the blows of the reactionary offensive of the ruling class. It is towards the workers and oppressed engaged in these struggles that all revolutionary forces must orient all their efforts to build a new Revolutionary World Party.”<sup>30</sup>

This quote also demonstrates that the RCIT never had a one-sided view that *only* revolutionary developments could take place. We rather emphasized from the beginning that *if* such revolutionary situations are not utilized by the workers vanguard and transformed into a successful revolution, counter-revolutionary situation will *inevitable* emerge.

The present historic period has to be understood, in fact it can only be understood, in a dialectical way. This period is characterized both by revolutions as well as by counter-revolutionary offensives. On the surface, these two elements seem to contradict each other. However, using the method of dialectics, the two poles form a unity of opposites. It is a revolutionary period because the capitalist class cannot develop the forces of production and, because of this, the ruling classes are attacking the social gains and the democratic rights of the workers and the oppressed. This, in turn, inevitable provokes mass resistance up to revolutionary uprisings.

Our understanding of the character of a revolutionary historic period is in accordance with Trotsky definition of such a period. In his critique of the Stalinist Comintern draft program Trotsky developed the following thought:

*“The revolutionary character of the epoch does not lie in that it permits of the 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.”*<sup>31</sup>

Likewise, he emphasized in the very first paragraph of his report to the III. World Congress of the Communist International in 1921 the highly contradictory character of the capitalist equilibrium in such periods.

*“With the imperialist war we entered the epoch of revolution, that is, the epoch when the very mainstays of capitalist equilibrium are shaking and collapsing. Capitalist equilibrium is an extremely complex phenomenon. Capitalism produces this equilibrium, disrupts it, restores it anew in order to disrupt it*

*anew, concurrently extending the limits of its domination. In the economic sphere these constant disruptions and restorations of the equilibrium take the shape of crises and booms. In the sphere of inter-class relations the disruption of equilibrium assumes the form of strikes, lockouts, revolutionary struggle. In the sphere of inter-state relations the disruption of equilibrium means war or – in a weaker form – tariff war, economic war, or blockade. Capitalism thus possesses a dynamic equilibrium, one which is always in the process of either disruption or restoration... This equilibrium has a great power of resistance, the best proof of which is the fact that the capitalist world has not toppled to this day.”*<sup>32</sup>

We remark, as a side-note, that intelligent bourgeois analysts with a sense for history are also recognizing in their own way the fundamental explosive character of the present period. For example, the U.S. Federal Reserve Board recently published a study which attempted to create an index of “geopolitical risk” and their effects for the world economy. The authors of the study conclude that geopolitical events (we Marxists would prefer to speak about the struggle between the classes and states) indeed have important consequences for the economy. Moreover, the authors arrive to the conclusion that such “geopolitical risks” have substantially increased in the past years. They construct a historical index covering the years 1900 to 2017. They arrive at the conclusion that, leaving aside the periods around the two world wars, the period from 9/11 in 2001 until today has seen the most significant instability and crisis and that this process is accelerating.

*“High geopolitical risk leads to a decline in real activity, lower stock returns, and movements in capital flows away from emerging economies and towards advanced economies. (...) Extending our index back to 1900, geopolitical risk rose dramatically during the World War I and World War II, was elevated in the early 1980s, and has drifted upward since the beginning of the 21st century.”*<sup>33</sup>

In various documents, we have analyzed the period concretely and dissected different political phases inside this period. In summary, we identified a first phase after 2008 which we characterized as a “state of shock” of all classes. This was followed by the second phase which – starting in late 2010 / early 2011 – was characterized by a “massive upswing of the class struggle”. In the class struggle developments since then we have identified an initial phase which we called an “innocent phase” where the masses, full of illusions, either followed petty-bourgeois and bourgeois leaderships in movements (anti-dictatorship religious and secular opposition forces in the Arab Revolution, SYRIZA in Greece, Occupy movement) or elected them into office (Tunisia, Egypt).

However, this was soon replaced by a process of disillusionment and growing opposition to these leaderships. Starting with the bloody military coup of General Sisi in Egypt on 3<sup>rd</sup> July 2013 (scandalously hailed by the Stalinists, the Morenoite LIT, Alan Woods IMT and the Cliffite RS/IST as a “Second Revolution” of the popular masses!), another phase began which was characterized by a reactionary offensive of the ruling class and a number of defeats for the worker and oppressed. This counterrevolutionary offensive accelerated with the victory of Trump in the U.S. in November 2016, the institutional coup in Brazil against the PT-led government, the setbacks of the Syrian Revolution and the increasing

Figure 4. Growth Rate of Real Capita Gross Global Product, 1961-2015 <sup>36</sup>

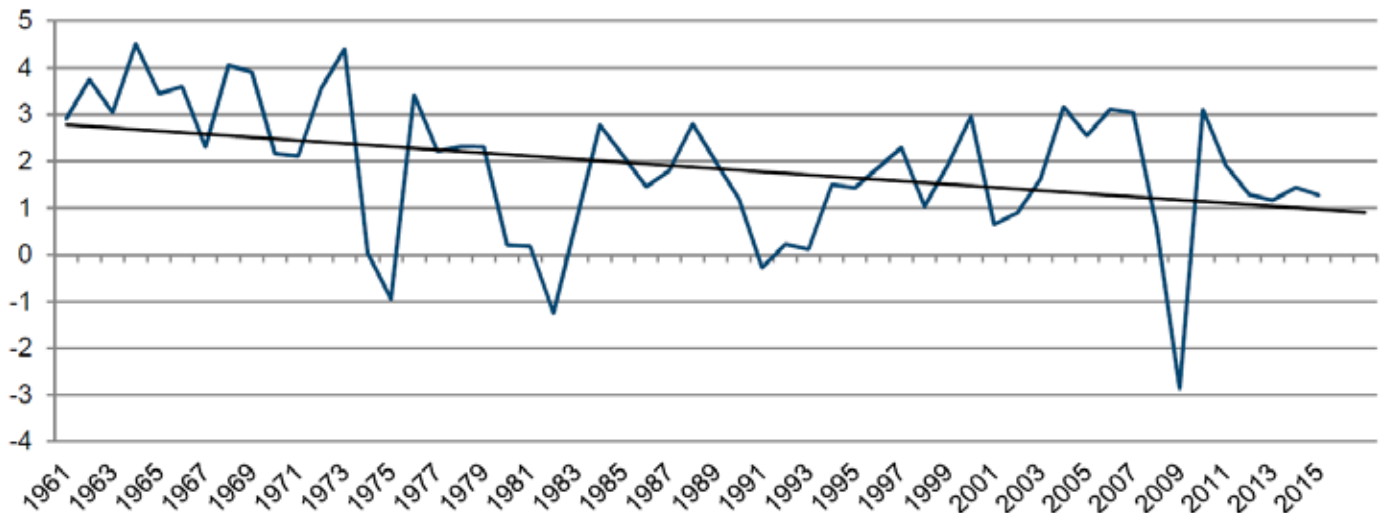


Figure 5. Labor Productivity Performance in Long Run Comparative Perspective, 1950-2013 (GDP per hour worked; annual average growth) <sup>37</sup>

A: GDP per hour worked; annual average growth

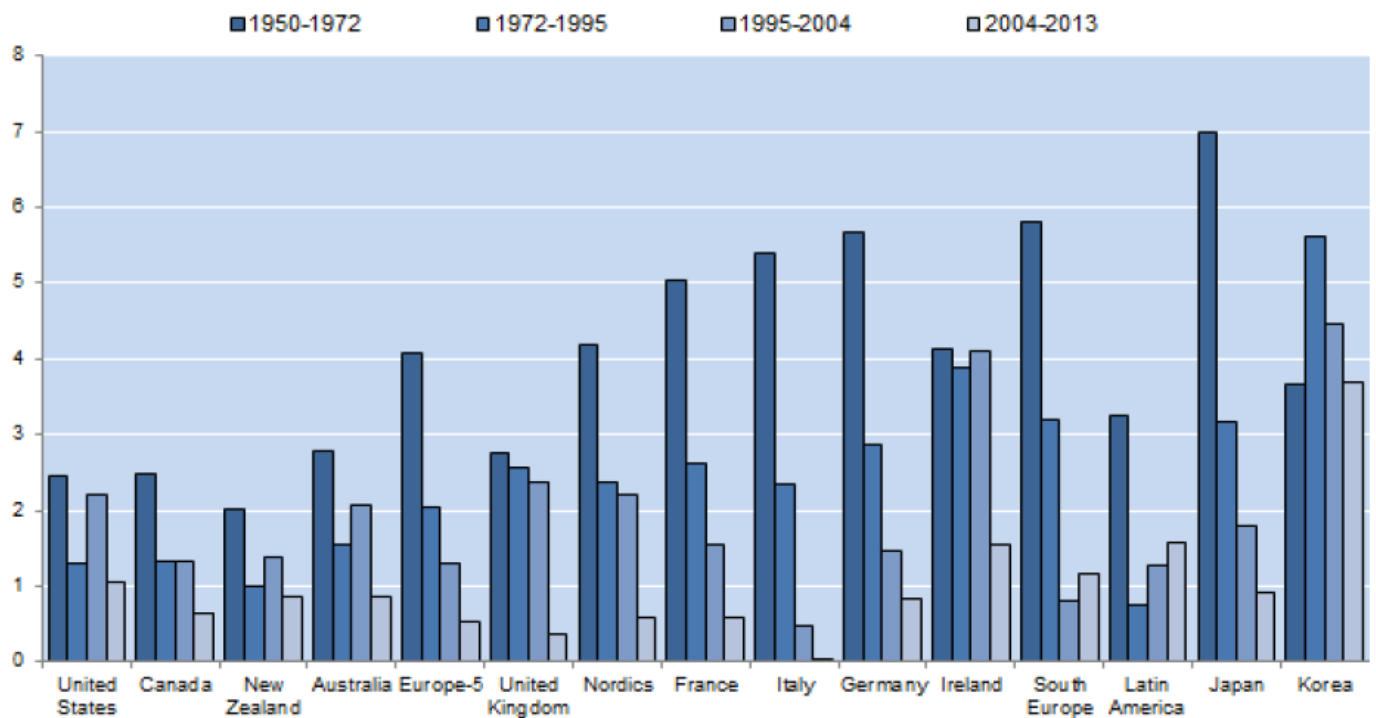


Table 4. Global Debt (All Sectors), 2002-2017 <sup>40</sup>

	<i>In Trillion US-Dollar</i>	<i>Global Debt as a Share of Global GDP</i>
2002	86	246%
2007	149	276%
2012	205	305%
2017	217	327%

racism and Islamophobia in the imperialist countries.

As we have analysed in our latest book on the world situation, we are observing important developments since late 2017 of accelerated warmongering in the Middle East as well as in North-East Asia but also growing resistance of the masses (Iran, Palestine, Tunisia, Morocco, Sudan, Honduras, India, Catalonia, etc.).<sup>34</sup> We will see if these developments open a new political phase.

### Empirical Evidence for the Decay of Capitalism in the Present Historic Period

We have demonstrated the validity of our thesis of the decaying productive forces in a number of studies on the world economy.<sup>35</sup> At this place we will only provide a few figures to underline our argument.

The following two figures show the deepening crisis of capitalism since the beginning of the new historic period in 2008. Figure 4 demonstrates both the long-term decline of output per capita since the early 1950s as well as the massive slump in 2008/09.

Figure 5 shows how the declining dynamic of the productive forces finds its expression in the development of labor productivity. As we can see the average growth of labor productivity has gradually declined in nearly all capitalist countries since the beginning of the 1950s. This long-term tendency has particularly accelerated in the new historic period of capitalist decay which opened in 2008. Labor productivity (measured in output per hour worked) declined significantly in nearly all major capitalist economies since the beginning of the new period.

Another indication for the decay of the productive forces is the depression of the capital accumulation. Figure 6 shows the decline of net investment in the major old Western imperialist economies if measured as share of annual GDP. Figure 7 verifies the same tendency when net investment is viewed as share of the capital stock in the US economy.

As we stated above, the decline of the productive forces is also reflected in the fact that the capitalists are increasingly forced to finance their business as well as their state apparatus by debts, i.e. by borrowing from tomorrows wealth (which might be created or not). Table 4 shows how dramatic global debt levels (measured as a share of global output) have increased in the past 15 years. It also shows that debt levels today are even substantially higher than they were before the Great Recession in 2008 – when such high levels triggered the slump!

However, as we stated in our writings, the crisis of capitalism and the decay of its system is not only reflected in the decelerating dynamic of its economy. It finds also its expression in increasing inequality, mass unemployment, poverty and the dramatic climate change. For reasons of space we limit ourselves to reproduce only two figures.

Figure 8 shows the dramatic inequality in global wealth distribution between the classes and between the nations on a global level. According to figures from the *Credit Suisse* – a source which no one could suspect of anti-capitalist ideology – an insignificant minority (0.7% of the population), representing largely the global capitalist class, owns 41% of the world's wealth. The global middle class (7.7% of the world population) owes together about the same amount (42.3 of the world's wealth). The next

22.9% of the world's population, probably representing the significant share of the working class of the imperialist countries and the middle class of the semi-colonial world, own 13.7%, and the huge majority of the world's population (68.7%) – representing mostly the working class and the poor peasants of the South – own the little which remains (only 3%) of the world's wealth!

Likewise, an OXFAM study concludes: *"In 2015, just 62 individuals had the same wealth as 3.6 billion people – the bottom half of humanity. This figure is down from 388 individuals as recently as 2010. The wealth of the richest 62 people has risen by 44% in the five years since 2010 – that's an increase of more than half a trillion dollars (\$542bn), to \$1.76trillion. Meanwhile, the wealth of the bottom half fell by just over a trillion dollars in the same period – a drop of 41%."*<sup>42</sup>

Finally, let us briefly put some spotlight to the dramatic consequences of climate change. As it is well known today, the capitalist system of production for profit is increasingly destroying the climate. As a result, climate change is accelerating, posing an increasing danger for humanity. In 2008, 36 million people were displaced by natural disasters. At least 20 million of those people were driven from their homes by disasters related to climate change, like drought and rising sea level. But this was only the beginning: according to different projections, the consequences of climate change will have devastating consequences for many countries and their population. With a global warming of three degrees, twelve countries around the world could lose more than half of their present land area and about 30 countries could lose one tenth of their area. A scientist explains: *"If that sea-level rise occurred today, more than 600 million people would be affected and would have to find a new home."*<sup>43</sup> Other sources estimate that, *"unless strong preventative action is taken, between now and 2050 climate change will push the number of displaced people globally to at least 1 billion."*<sup>44</sup>

The *Climate Vulnerability Monitor* estimates, *"that climate change causes 400,000 deaths on average each year today, mainly due to hunger and communicable diseases that affect above all children in developing countries. Our present carbon-intensive energy system and related activities cause an estimated 4.5 million deaths each year linked to air pollution, hazardous occupations and cancer. (...) Continuing today's patterns of carbon-intensive energy use is estimated, together with climate change, to cause 6 million deaths per year by 2030, close to 700,000 of which would be due to climate change. This implies that a combined climate-carbon crisis is estimated to claim 100 million lives between now and the end of the next decade"*. To this human tragedy one has to add the financial costs. According to the OECD *"Inflation-adjusted insurance losses from weather-related natural hazard losses have increased from an annual average of around USD 10 billion in the 1980s to around US\$50 billion over the past decade."*<sup>45</sup>

Concerning future perspectives, the *Climate Vulnerability Monitor* states: *"Climate change caused economic losses estimated close to 1% of global GDP for the year 2010, or 700 billion dollars (2010 PPP). The carbon-intensive economy cost the world another 0.7% of GDP in that year, independent of any climate change losses. Together, carbon economy- and climate change-related losses amounted to over 1.2 trillion dollars in 2010. (...) The world economy therefore faces an increase in pressures that are estimated to lead to more than a doubling in the costs of climate change by 2030 to an estimated 2.5% of global*

Figure 6. Nominal Net Fixed Capital Formation in Western Imperialist Countries, 1991-2014 (as % of GDP) <sup>38</sup>

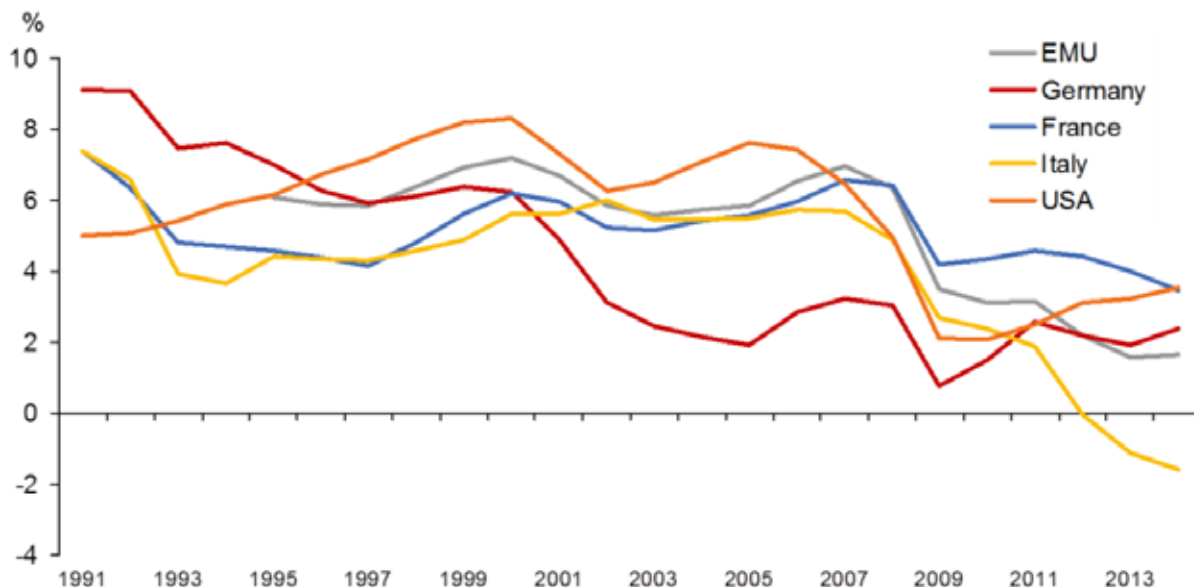


Figure 7. Net Investment as a Share of the Capital Stock, USA, 1945-2015 <sup>39</sup>

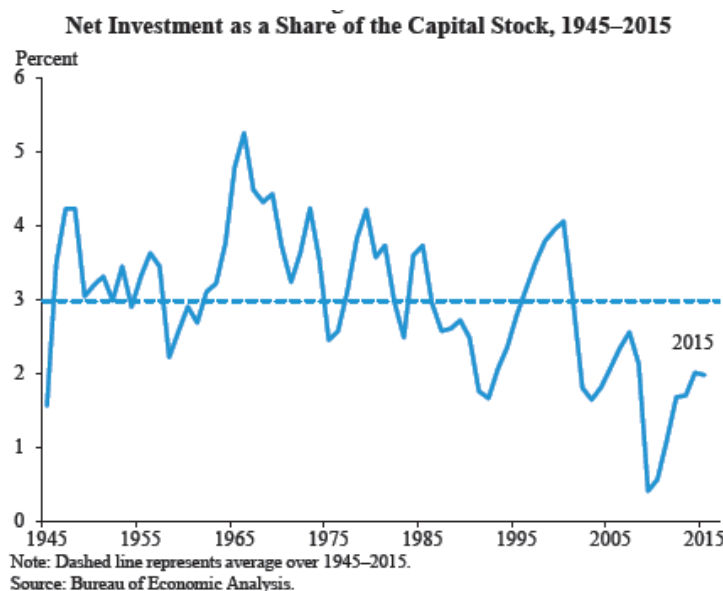
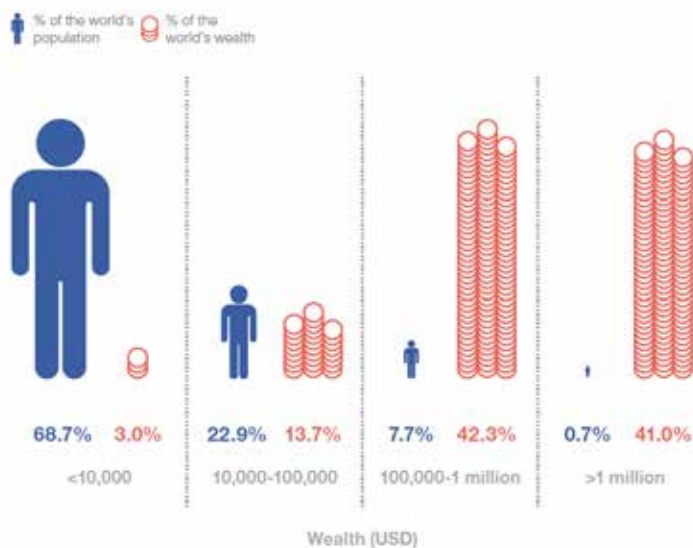


Figure 8. How is the World's Wealth shared amongst its Population? <sup>41</sup>



GDP. Carbon economy costs also increase over this same period so that global GDP in 2030 is estimated to be well over 3% lower than it would have been in the absence of climate change and harmful carbon-intensive energy practices." Most affected by this catastrophe will be those countries which contribute least of all to the climate change – the poor semi-colonial countries. "Least Developed Countries (LDCs) faced on average in excess of 7% of forgone GDP in 2010 due to climate change and the carbon economy, as all faced inequitable access to energy and sustainable development. Over 90% of mortality assessed in this report occurs in developing countries only – more than 98% in the case of climate change" <sup>46</sup> (see Figure 9).

### The Dialectical and the Mechanistic Interpretation of Cycles on Capitalism

As we said above, it would be a mechanistic caricature to imagine that the theory of capitalist breakdown implies a gradual decline without any oscillations, without countervailing tendencies, without dialectical leaps, etc.

In fact, the capitalist economy is characterized by business cycle, usually lasting for about 7-10 years. According to Marx, the cycle is divided into several phases that begin with a crisis. This results in a dramatic decline in production followed by stagnation or depression then recovery, prosperity, overheating and, finally, a return to crisis. <sup>48</sup>

However, it would be absolutely wrong to imagine that the long-term, historic development of capitalism proceeds similarly in a cyclical manner, a kind of repetition of ups and downs. We reject such a non-dialectical, simplicistic conception which has become known in the economic literature as the "theory of long waves". (See on this below)

In fact, since capitalism has entered the epoch of imperialism at the turn to the 20<sup>th</sup> century it has been marked by a tendency towards decline, resulting in repeated crisis, social catastrophes, mass slaughter of people, world wars, etc. However, within this epoch there are periods of varying tempos and dynamics for the development of the productive forces. Furthermore, as we said above, the ruling capitalist class will not voluntarily abdicate in favor of the working class so that the era of socialism could begin. They fight with all means necessary, including dictatorships, concentration camps and wars of annihilation, to keep their power. As a result, the imperialist rulers have been able to deliver historic defeats to the workers and oppressed and, hereby, allow a temporary delay of the declining tendency of their system. The devastating consequences of World War II – both materially as well as politically – and the sell-out of the revolutionary developments in its aftermath resulted in historic defeats of the working class, the establishment of the US's absolute political, economic and military hegemony in the imperialist camp, and the reactionary Yalta agreement between the victorious imperialist powers and the Stalinist bureaucracy. These were the preconditions for a period of upswing (the so-called "long boom" of the 1950s and 1960s) – an exceptional period in the imperialist epoch (which confused and disoriented most Marxists at that time). <sup>49</sup>

To a much lesser degree we observed a certain transitional period with reactionary features in the 1990s (particularly in the first half of this decade) as a result of the collapse

of the degenerated Stalinist workers states and the consequent ideological setbacks of the apparent victory of capitalism in 1989-91.

However, such a countervailing dynamic could only last temporary and was unable to remove the fundamental inner contradictions of the capitalist system. As a result, such periods inevitable ended with a political explosion and the opening of a new period marked by crisis and aggravated class struggles (e.g. the period after 1968, Vietnam War; or the period after 9-11 and the beginning of the imperialist "war on terror" in 2001).

Both economic as well as political cycles can only be adequately understood only if they are put into the context of the historic period in which they take place. Abram Deborin, the leading Soviet philosopher of the 1920s, once remarked that it is obligatory for any Marxist analysis to separate the primary factors from the secondary and "to assess, above all, the general direction of the development". <sup>50</sup>

Indeed, the historic epoch determines the general line of a given period, its fundamental dynamic. For this reasons, the "cyclical" nature of capitalism must not be interpreted in a mechanistic way as a kind of repetition. Contrary to the schematic views of various pseudo-Marxist intellectuals, this does not mean that the capitalist economy, or the class society in general, is in a kind of constant equilibrium which is only briefly interrupted by crisis but soon restored. Nothing would be further from the truth!

In a remarkable article, written in 1923, Trotsky elaborated very insightful observations about the relationship of long-term, historic epochs or periods and short-term periods or phases.

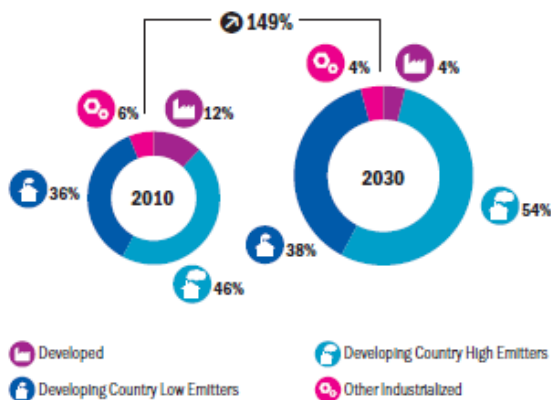
*"But capitalism is not characterized solely by the periodic recurrence of cycles - otherwise what would occur would be a complex repetition and not dynamic development. Trade-industrial cycles are of different character in different periods. The chief difference between them is determined by quantitative interrelations between the crisis and the boom period within each given cycle. If the boom restores with a surplus the destruction or constriction during the preceding crisis, then capitalist development moves upward. If the crisis, which signals destruction, or at all events contraction of productive forces, surpasses in its intensity the corresponding boom, then we get as a result a decline in economy. Finally, if the crisis and boom approximate each other in force, then we get a temporary and stagnating equilibrium in economy. This is the schema in the rough.*

*We observe in history that homogeneous cycles are grouped in a series. Entire epochs of capitalist development exist when a number of cycles is characterized by sharply delineated booms and weak, short-lived crises. As a result we have a sharply rising movement of the basic curve of capitalist development. There are epochs of stagnation when this curve, while passing through partial cyclical oscillations, remains on approximately the same level for decades. And finally, during certain historical periods the basic curve, while passing as always through cyclical oscillations, dips downward as a whole, signalling the decline of productive forces.*

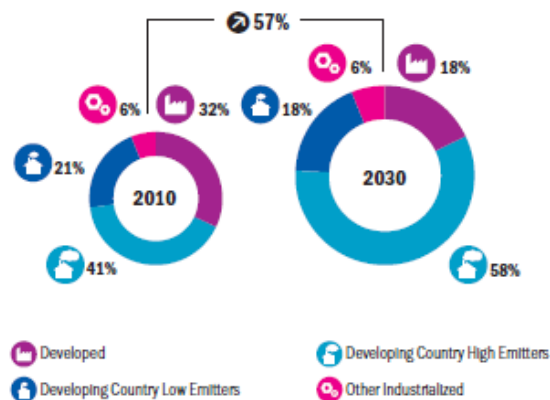
*It is already possible to postulate a priori that epochs of energetic capitalist development must possess features - in politics, in law, in philosophy, in poetry - sharply different from those in the epochs of stagnation or economic decline. Still more, a transition from one epoch of this kind to a different one must naturally*

Figure 9. Total Deaths and Costs as a Result of Climate Change and the Carbon Economy, 2010 and 2030 <sup>47</sup>

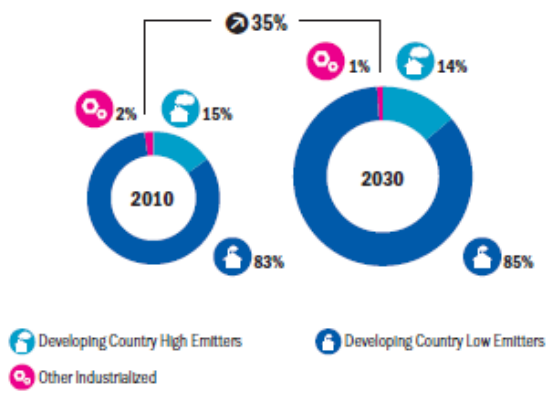
CLIMATE – TOTAL COSTS



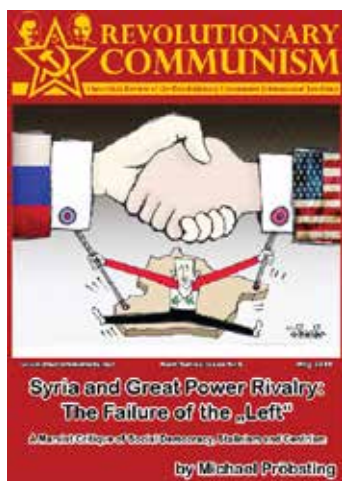
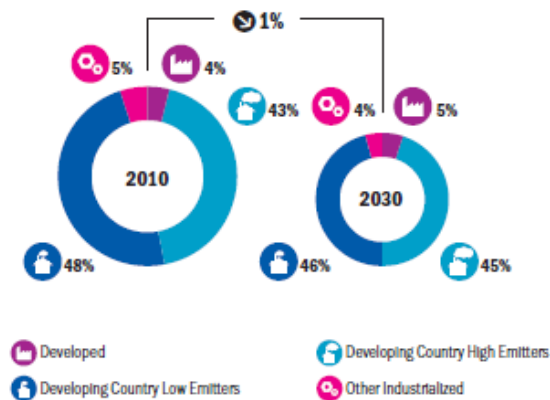
CARBON – TOTAL COSTS



CLIMATE – TOTAL DEATHS



CARBON – TOTAL DEATHS



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By Michael Pröbsting, April 2018

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Introduction \* The liberation struggle of the Syrian people against Assad retains its just character \* Against all imperialist aggressors! \* Old and new Great Powers \* The Ex-Stalinist turned social democrats: “God save the United Nations” \* The Stalinists (and some caricatures in Trotskyist camouflage): social-imperialist servants of Assad and Putin \* The Morenoite LIT, UIT and FLTI: the heart on the right place but not their brains \* CWI and FT: failure to understand the imperialist nature of China and Russia \* CWI / SWP(UK) / FT: refusing to support the Syrian Revolution \* Conclusion

Footnotes A RCIT Pamphlet, 24 pages, A4 Format

produce the greatest convulsions in the relationships between classes and between states. At the Third World Congress of the Comintern we had to stress this point in the struggle against the purely mechanistic conception of capitalist disintegration now in progress.

*If periodic replacements of 'normal' booms by 'normal' crises find their reflection in all spheres of social life, then a transition from an entire boom epoch to one of decline, or vice versa, engenders the greatest historical disturbances; and it is not hard to show that in many cases revolutions and wars straddle the borderline between two different epochs of economic development, i.e., the junction of two different segments of the capitalist curve. To analyse all of modern history from this standpoint is truly one of the most gratifying tasks of dialectical materialism.*"<sup>51</sup>

Let us now deal with the arguments and counterarguments which have been put forward by the comrades of PO.

### **Permanent Collapse? No, there is Collapse and Collapse**

The PO is well known for emphasizing the collapse – or rather the “bankruptcy” or “catastrophe” – of capitalism. They have done so since many decades. They openly brag to differentiate themselves from other “Trotskyist” organizations by adhering to their idiosyncratic theory of “catastrophism”.

However, by doing this they transform a *historical tendency* (towards breakdown) which articulates itself in different periods in different ways into a *static picture* of a capitalist world system which is about to literally decompose at any given minute. This is like proclaiming an aging person, who indeed is about going to die at some point, as already being dead. Needless to say that such an assessment is pretty useless from a medical as well as any other point of view.

In fact, such literary stagnation is not possible in capitalism as it constitutes a system, where capital exists and can only exist as separate capitals which stand in sharpest competition to each other (by no means excluding temporary alliances, which nevertheless end in clashes just as sharp). Hence, capitalists, and therefore capital as a whole, are compelled constantly to expand and accumulate, as Marx pointed out in *Capital*.

*“... the development of capitalist production makes it constantly necessary to keep increasing the amount of the capital laid out in a given industrial undertaking, and competition makes the immanent laws of capitalist production to be felt by each individual capitalist, as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extend it he cannot, except by means of progressive accumulation.”*<sup>53</sup>

Such a dialectical understanding of the intrinsic expansionary dynamic of capitalism in no way implies an “optimistic” view of capitalism’s future. This is because the capitalist mode of production — the process of production and reproduction of capital on higher levels — embodies a dynamic yet crisis-ridden, fragile equilibrium. An equilibrium which at certain points breaks down due to its inner contradictions. On the economic level, this expresses itself in recurring recessions, up to and including economic depressions. The same applies to capitalism as a whole — as a totality of economic base and political and ideological superstructure — where the inner

contradictions lead to political and social explosions (such as wars, ecological catastrophes, spontaneous uprisings, revolutionary crises, etc.). Nikolai Bukharin, a leading theoretician of the Bolshevik Party at the time of Lenin, generalized these facts in the following manner:

*“From this point of view then, the process of capitalist reproduction is not simply a process of expanded reproduction of capitalist production relations: it is at the same time a process of expanded reproduction of the contradictions of capitalism.”*<sup>54</sup>

In one article, the PO leaders defend their position by referring the various economic crises which took place in the past three decades: the “Black Monday” (1987), the collapse of the Mexican currency (1994), the Asian crisis (1997); the Russian crisis (1998); the dot.com crisis (2000), the Argentine crisis in 2001 and finally the Great Recession in 2008.<sup>55</sup>

As we have outlined above, it is true that world capitalism faces a number of crisis – both of regional as well as of global nature. Not only this, these crises tend to deepen and indeed have reached a new level by 2008.

However, it would be a caricature to present world capitalism as permanently collapsing. This would mean to ignore the existence of business cycles. Leaving aside this, there are different degrees of crisis and collapse. There can be more severe and less severe crisis. In fact, the past crises have differentiated in their severity as the figures and tables above indicate.

For example, as the RCIT has pointed out in past world perspectives documents, the bourgeoisie could avert the worst consequences of the Great Recession in 2008 because China – the emerging imperialist giant – was relatively unaffected by the breakdown which had its center of gravity in the old imperialist economies.

Why is all this so important for Marxists? Because we have the responsibility to give the workers vanguard and all fighters for socialism a correct orientation for the crisis and struggles ahead. It is useless to present capitalism always, over years and decades, as a system that does not possess any reserves. If it has no reserves for 40 years, how do you explain that world capitalism has not decomposed?!

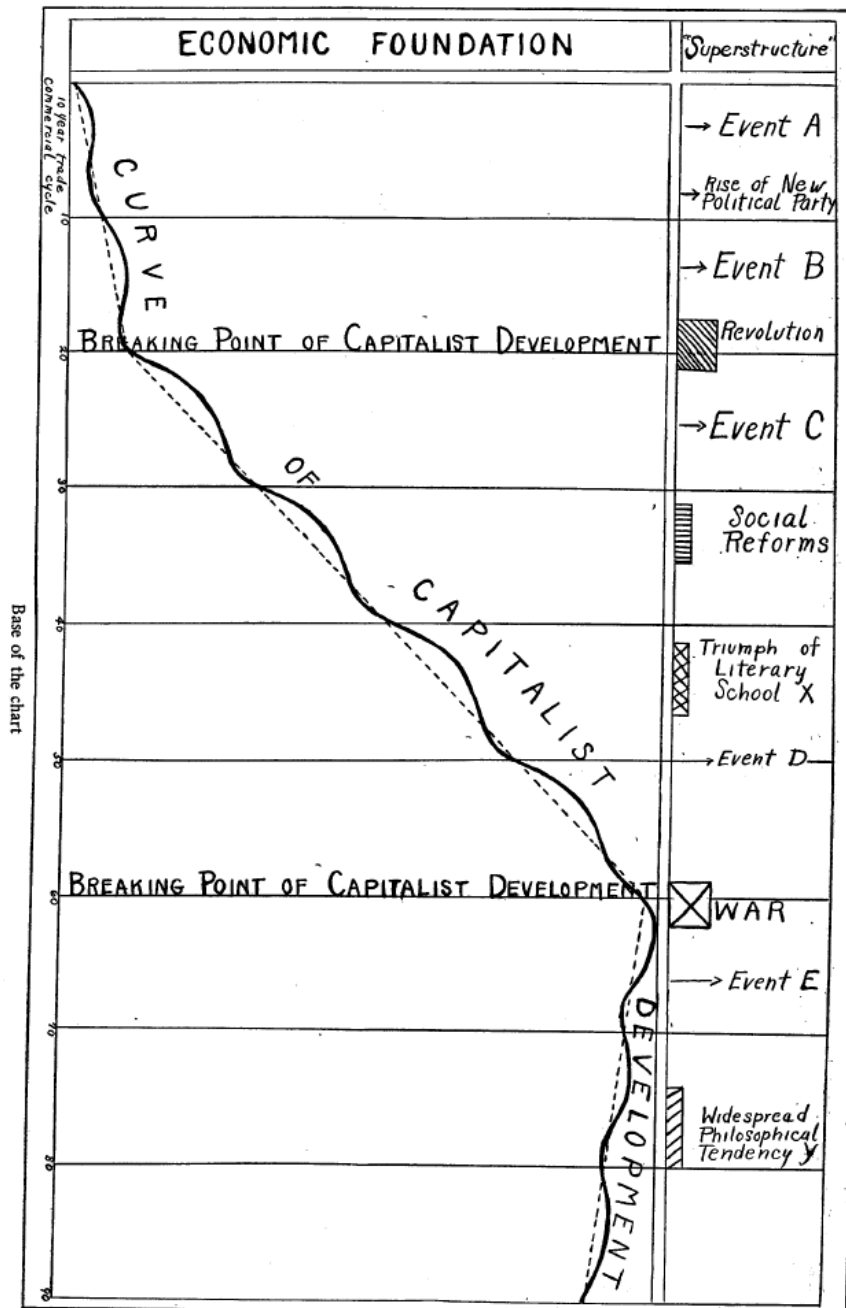
### **Consequences of “Catastrophism” (I): Confusion on Capitalist Restoration**

However, the problem goes far beyond of making wrong prognoses. In fact, wrong prognoses about the severity of the recession of the capitalist world economy are by far not the biggest problem of PO’s “catastrophism”. No, PO’s mistaken theoretical conception of the Marxist theory of capitalist breakdown result directly in gross confusion and complete incomprehension of the main characteristics and dynamic of the world situation.

Let us give two important examples of such confusion. The PO and the CRFI (of which PO has always been the main force) have traditionally made the concept of “catastrophism” a cornerstone of their political outlook. This becomes already clear in the foundation document of the CRFI, adopted in 2004.<sup>56</sup>

One of the consequences of the “bankruptcy of capitalism” a la PO is that, according to their view, the productive forces literally can not develop anywhere in anyway. Hence, PO and CRFI completely underestimated (and still underestimate as we will see below) the possibility



Diagram 1: Leon Trotsky's 'Curve of Capitalist Development' written in 1923 <sup>52</sup>

# China's transformation into an imperialist power

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By Michael Pröbsting (International Secretary of the RCIT)

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of capitalist restoration in the former Stalinist-ruled degenerated workers states.<sup>57</sup> In this document, i.e. in the year 2004, the authors stated that *“the restoration of capitalism (...) is in its initial stages”*. So, 15 years after the collapse of the Berlin Wall and the Stalinist bureaucratic rule in 1989, the restoration of capitalism and the creation of a capitalist class was still *“is in its initial stages”*?! What an absurd and bizarre nonsense! Were Eastern Europe, Russia, China etc. not dominated since 1989-92 by governments which advanced the restoration of capitalism?! Were these economies not soon to be governed by the capitalist law of value?! Were these economies not already long before 2004 dominated by a private capitalist sector?! It seems that the PO/CRFI leaders were living in another world!

Unfortunately, such sterile dogmatism of PO did not stop in 2004. In a recently published article on China the PO leadership effectively still denies – in the year 2017! – that China has become a capitalist state.<sup>58</sup> Pablo Heller, a leading PO theoretician, still speaks about *“the process of transition towards capitalism”*. (*“The transition to capitalism in China enters a more violent period.”*) As if this transition would have not already taken place many years ago.

Unbelievable, in its latest extensive international statement, the PO leadership even claims that capitalism could not be established in the future in Russia and China *“on a peaceful road”*: *“A ‘peaceful’ transition to capitalism, on behalf of regimes that expropriated capital through social revolutions, is unviable.”*<sup>59</sup> We have seen those pseudo-orthodox Trotskyists who predicted in 1989 that it would be impossible to restore capitalism in the former workers states without civil wars. Already at that time, we criticised such doctrinarism. However, PO easily beats all those doctrinaires at that time as it still upholds such nonsense three decades after the collapse of Stalinism and the restoration of capitalism!

*“Armed”* with the same doctrinaire logic, PO and their international affiliates also claim that Russia and China are still not integrated into the capitalist world economy: *“The integration of the former nationalized economies into the world capitalist economy cannot proceed by ‘peaceful’ means.”*<sup>60</sup> Clearly the PO leaders have never heard about China as a leading foreign investor as well as creditor in all continents, about the *“Belt and Road Initiative”* – an international investment program designed to expand Beijing’s global economic and political influence<sup>61</sup>, or as the world’s largest trading power (see Figure 10)! How can one deny that China is fully integrated in the capitalist world economy?!

### Consequences of “Catastrophism” (II): Confusion on China and Russia as Capitalist Powers

As we explained in other documents, this is pursuing a “Trotskyite” repetition of the Stalinist defense of China as a “socialist country”. As a matter of fact, as we have demonstrated in detail, *“it is absurd to claim that China is still a post-capitalist workers state when the majority of China’s industrial output is produced by the private sector, as is attested to by figures published by the World Bank and the Chinese Development Research Center of the State Council. Both of these institutions attribute 70% of the country’s GDP and employment to non-state sectors. The state sector’s share*

*in the total number of industrial enterprises (with annual sales over 5mn RMB) fell precipitously from 39.2% in 1998 to 4.5% in 2010. During the same period, the share of State Owned Enterprises in total industrial assets dropped from 68.8% to 42.4%, while their share in employment declined from 60.5% to 19.4%. We do not deny that the state sector continues to play a central role in China’s economy. But this is not a “socialist” but a state-capitalist sector!”*<sup>63</sup>

Based on the same wrong conception, Heller only speaks in his article about the *“Chinese bureaucracy”* and never mentions the Chinese capitalist class! This is particularly absurd as China is home of one of the most powerful national bourgeoisie in the world!

Let us reproduce the most recently published figures which we have already used in our documents. In Table 5 we demonstrate that China has become home of the second-biggest number of world’s largest corporations – in front of Japan and all European powers and only behind the U.S.

Furthermore, China is home to the largest number of billionaires, or the second largest – according to which list you take – in the world. According to the 2017 issue of the *Hurun Global Rich List*, 609 billionaires are Chinese and 552 are US citizens. Together they account for half of the billionaires worldwide.<sup>65</sup> The *Forbes Billionaire List*, which is US-based while *Hurun* is China-based, sees the U.S. still ahead. However, the trend is the same: the weight of China’s monopoly capitalists is increasing. According to *Forbes*: *“The U.S. continues to have more billionaires than any other nation, with a record 565, up from 540 a year ago. China is catching up with 319. (Hong Kong has another 67, and Macau 1.) Germany has the third most with 114 and India, with 101, the first time it has had more than 100, is fourth.”*<sup>66</sup>

If we look to the development of income distribution in China we can observe a significant process of accumulation amongst the wealthy elite. This has been demonstrated in a major study on inequality which has been published recently by Thomas Piketty, Gabriel Zucman and others. In this *World Inequality Report 2018* the authors show how massively the capitalist class in China grew during the advance of the restoration process. They report that by 1978 the share of national income going to the top 10% of the population was 27%, equal to the share going to the bottom 50%. This radically changed in the following decades. The income share of the bottom half of the population in 2015 was just below 15%, a 12% fall since 1978. In the same period, the share of the top 10% had increased to 41%!<sup>67</sup> (See also Figure 11)

The PO leaders basically maintain the same position for Russia. This becomes evident from another article which it published some weeks ago. In it, the PO leadership claims: *“Neither in Russia nor China has a bourgeoisie emerged as a class, since in both cases it is mediated by the State, which continues to hold on to large part of its “pre-capitalist” bureaucratic structure.”*<sup>69</sup>

So, again, we are faced with a monstrous absurdity which even most Stalinists don’t dare to uphold! The state machinery in Russia is supposed to be a *‘pre-capitalist’ bureaucratic structure* when in fact it is acting since nearly three decades as a capitalist servant for the oligarchs – both domestically and abroad!<sup>70</sup>

As we have demonstrated in our studies on Russian imperialism, its economy is dominated by powerful

Figure 10. Share of the US and China in World Trade, 2001-2016 <sup>62</sup>

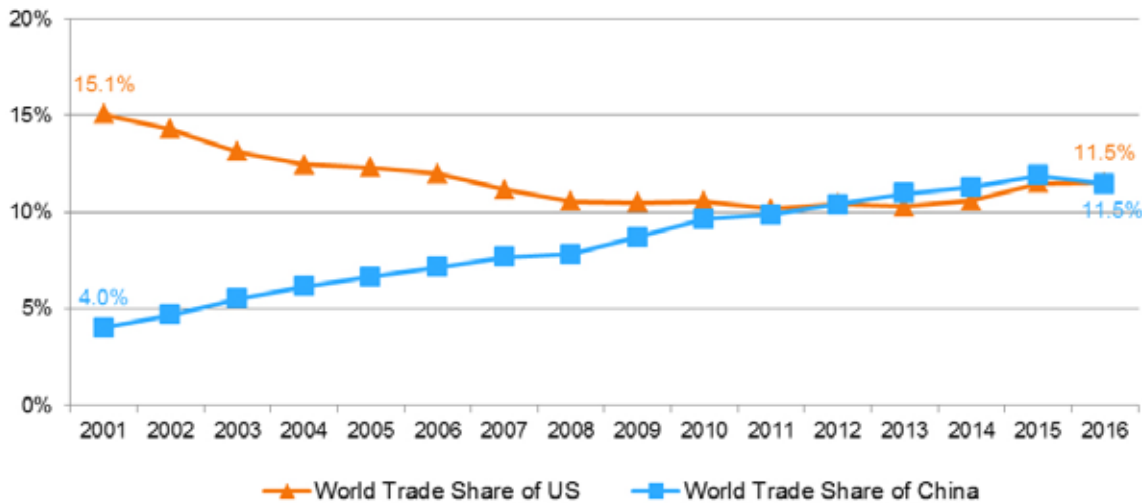
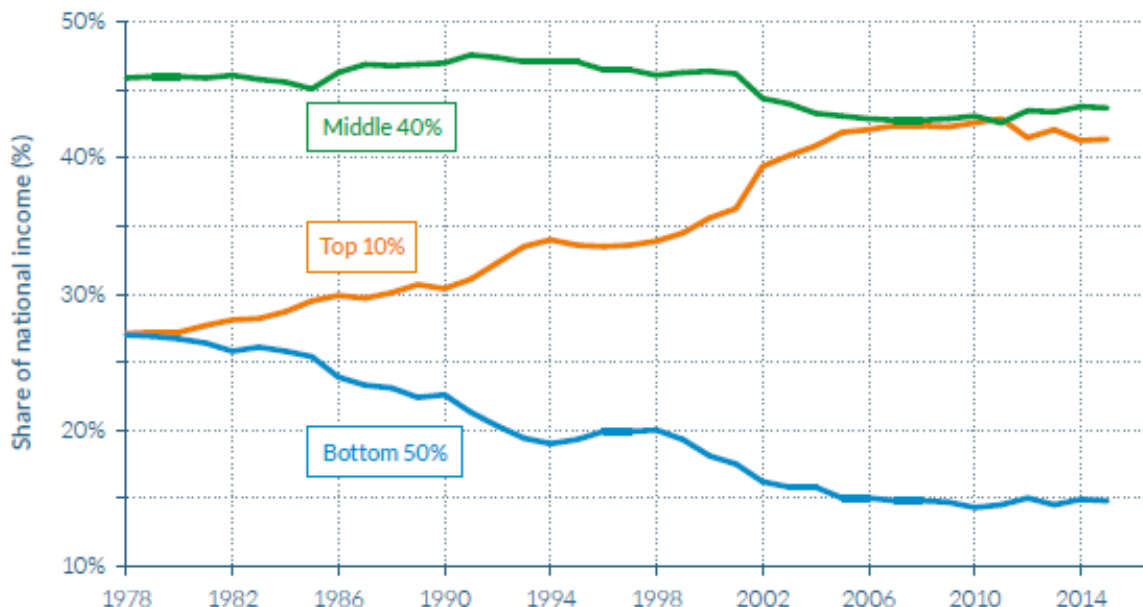


Table 5. National Composition of the World’s 2000 Largest Corporations, 2003 and 2017 (*Forbes Global 2000 List*) <sup>64</sup>

	2003		2017	
	Number	Share	Number	Share
USA	776	38.8%	565	28.2%
China	13	0.6%	263	13.1%
Japan	331	16.5%	229	11.4%
United Kingdom	132	6.6%	91	4.5%
France	67	3.3%	59	2.9%
Canada	50	2.5%	58	2.9%
Germany	64	3.2%	51	2.5%
South Korea	55	2.7%	64	3.2%
India	20	1.0%	58	2.9%

Figure 11. Income Share in China, 1978-2015 <sup>68</sup>



monopolies. The thirty-two largest of these monopolies – also called “*financial-industrial groups*” (FIG) in Russia – control almost 51% in Russia’s GDP. (See Figure 12)

According to a 2013 report of *Credit Suisse*, a small group of 110 billionaires owns 35% of all the wealth in Russia.<sup>72</sup> If we look again to the World Inequality Report 2018, we can observe a similar trend like in China, albeit even more drastically. In Figure 13 we see that the income share of the top 10% was relatively low when Russia was still post-capitalist. However, this radically changed from 1989 onwards. The share of income of the top 10% grew from 22% to 41% (2015)! During the same period did the share of the bottom half of the population collapse from about 30% of national income to only 17%!

Only the most ignorant observer could deny that this process of radical distribution of national income from the popular masses to the elite in a period of capitalist restoration reflects the creation of a powerful bourgeois class.

In fact, if we compare the distribution of national income in Russia and China with other imperialist countries we see strong similarities. The same report tells us that “*the share of total national income accounted for by just that nation’s top 10% earners (top 10% income share) was 37% in Europe, 41% in China, 46% in Russia, 47% in US-Canada, and around 55% in sub-Saharan Africa, Brazil, and India. In the Middle East, the world’s most unequal region according to our estimates, the top 10% capture 61% of national income.*”<sup>74</sup>

So, we ask the PO comrades: who are these top 10% in Russia who have the same share of national income like the top 10% in North America?! Are these not the capitalists and the upper middle class?! Does PO honestly believe that this is some kind of bureaucracy?! No, as a matter of fact, the process of capitalist restoration has resulted in the creation of a capitalist class. Today, it is the bourgeoisie which dominates all these countries – the U.S., Europe as well as China and Russia. PO’s claim that no capitalist class exists in Russia and China is a total absurdity which reflects its political aloofness from the reality of global capitalism!

However, we admit that the position of the PO contains a certain inner logic. If capitalism is about to decompose since decades it hardly has the reserves to create a capitalist class in Russia and China. However, such a “consistency” is nothing but the doctrinarism of dogmatic pigheads who remain undisturbed by dialectical materialism. The PO leaders would do well to take into account Engels advice: “*Communism is not a doctrine, but a movement. It proceeds not from principles but from facts.*”<sup>75</sup>

It is only logically that, if the PO leaders are incapable of recognizing the capitalist character of China and Russia, they are even less able to notice the fact that these two states have already become imperialist powers. In a recently adopted statement, they proclaim that Russia and China have not become imperialist and can not become such. They state that these countries only have the alternative to either become colonies of Western imperialism or socialist states. From this, they draw the inevitable conclusion that Russia and China have to be defended today against the U.S., EU and Japan.

*“An imperialist capital has not been created in Russia or China, and the likelihood of an exclusively state-based imperialism is a flimsy hypothesis. These regimes of transition to capitalism face,*

*on the one hand, imperialist colonization (and wars) and, on the other, proletarian revolution. Given a hypothesis of imperialist war against Russia and / or China, to carry out a capitalist restoration of a colonial nature, revolutionary socialists will fight for the complete defeat of imperialism and will take advantage of this struggle to promote the resurgence of the soviets, as the independent political power of the working class; to expropriate the oligarchy and the bureaucracy and develop a socialist revolution, defending the free self-determination of the peoples, in the perspective of the reconstruction of the Union of Soviet Socialist Republics [inspired] in the revolutionary and internationalist origin of the October revolution.”*<sup>76</sup>

The pseudo-socialist rhetoric can not disguise the social-imperialist position contained in this statement. If Russia and China are not imperialist (in fact, according to the PO leadership, they are not even fully capitalist) and if the Western Great Powers are imperialist, than the formulation “*revolutionary socialists will fight for the complete defeat of imperialism*” can have only one meaning: that PO is siding with Russia and China against the old imperialist powers.

Admittedly, such a position is consistent in itself – but in reality it is consistently social-imperialist and reactionary! Probably, the comrades are not aware of this but there is a long history of “socialists” who denied the imperialist character of their state because it was a latecomer in the epoch of monopoly capitalism. In Italy Mussolini and other ex-socialists spoke at the time of World War I about the “*proletarian nations*” (like Italy) which had to be supported against the “*decadent*”, “*plutocratic*” old imperialist powers. In Japan, there emerged a similar current in the 1920s of which the most important proponent was the ex-Marxist Takahashi Kamekichi. This academic developed a theory that Japan has become a “*petty imperialism*”. Takahashi noted that, given Japan’s backwardness in the areas of financial capital and capital export, Japanese capitalism “*had not yet attained the stage of imperialism,*” to use Lenin’s terms. From this he concluded that Japanese socialists should not see the main enemy as being the domestic bourgeoisie, but rather the Western powers.

Following a similar logic like the PO leaders today, Takahashi compared the relatively weak Japanese capitalists to the petty-bourgeoisie which has to be supported against the big bourgeoisie. Takahashi went on to assert that there was considerable evidence that Japan too “*is in the position of a country subject to imperialism. (...) Consequently, [Japan’s] international class role, rather than coinciding with that of imperialist countries like Britain and the United States, coincides far more with that of China, India, and other countries subject to imperialism.*”<sup>77</sup>

We repeat what we have said many times in the past years: recognizing the imperialist character of the emerging Great Powers Russia and China is one of the most important issues in the current historic period! Without a correct analysis of the different and rivaling imperialist powers, it is impossible to follow a revolutionary line in world politics!

Admittedly, the PO leaders are hardly alone in such ignorance. As we demonstrated in a recent pamphlet, a number of “Trotskyite” organizations fail to recognize the fundamental changes in world politics in the past decade which has been strongly characterized by the emergence of Chinese and Russian imperialism and the accelerating rivalry between the Western and Eastern Great Powers.<sup>78</sup>

Figure 12. Russia's GDP by Contributor (in US\$ Billions and as a Share) <sup>71</sup>

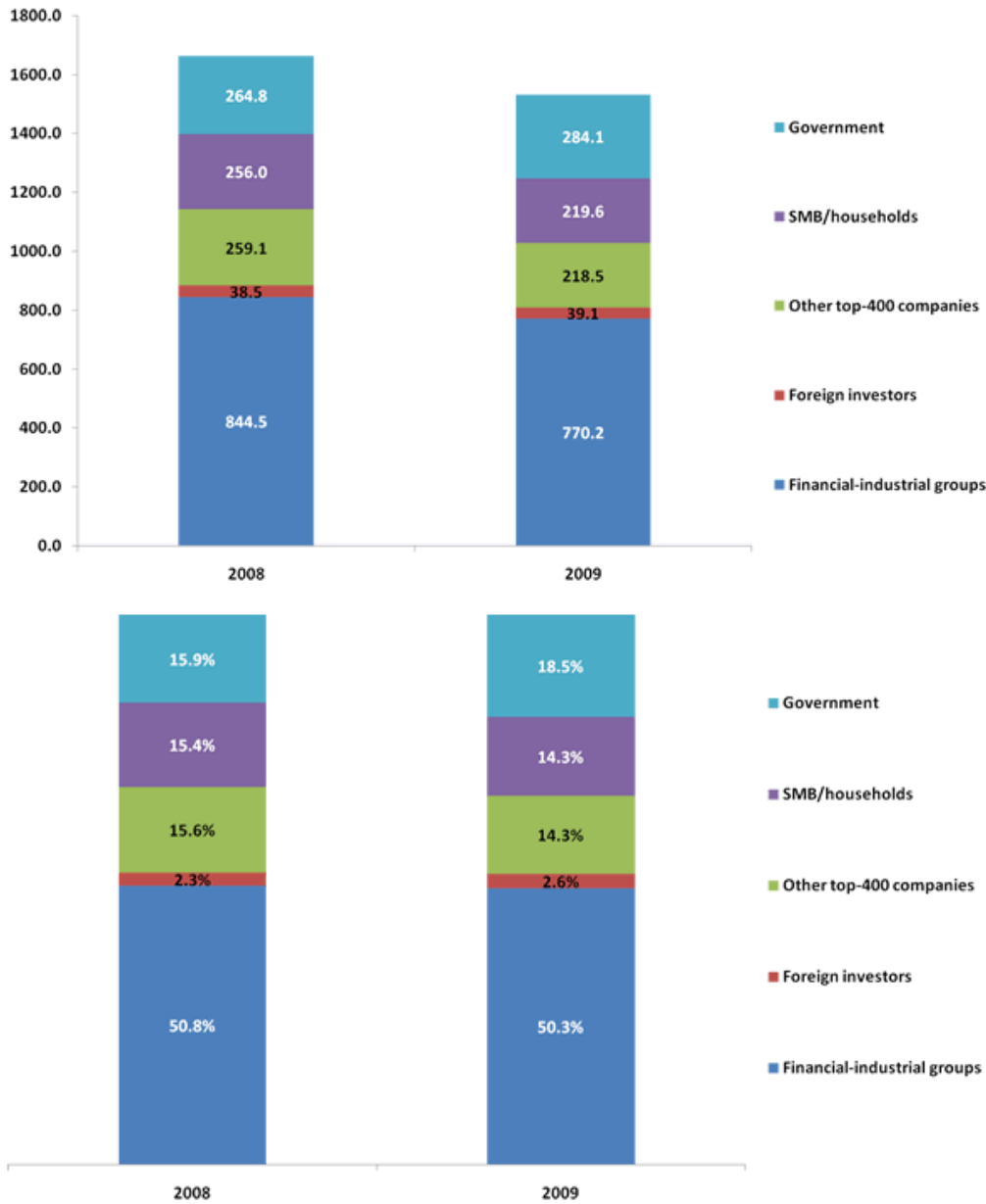
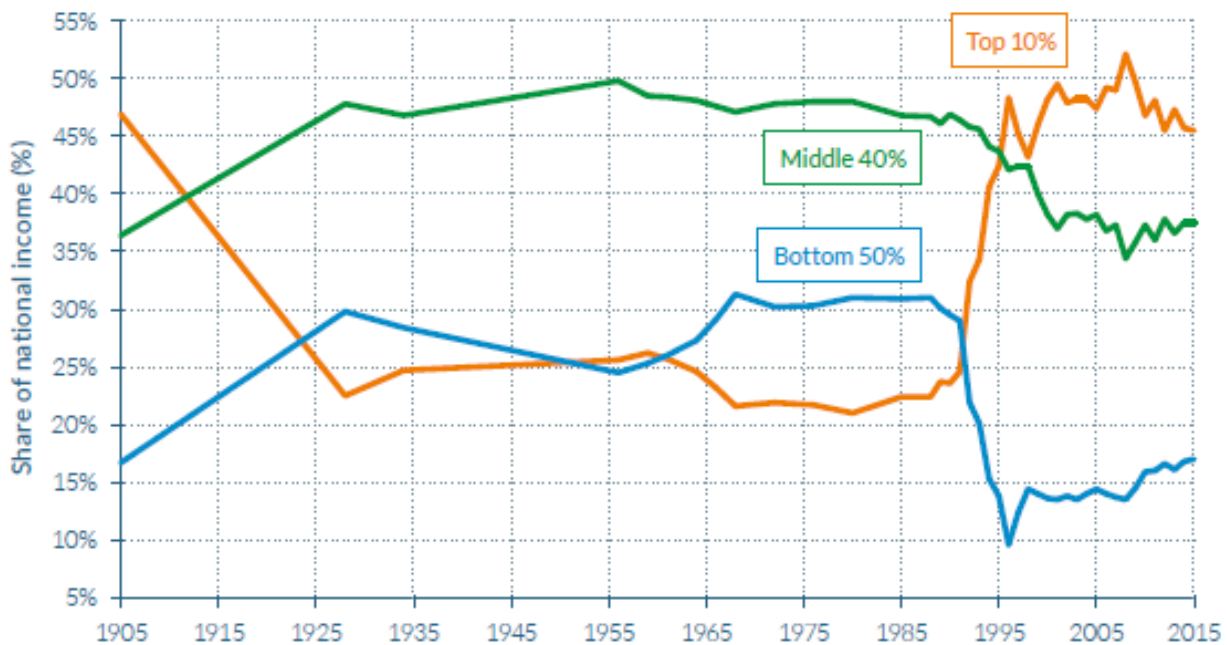


Figure 13. Income Share in Russia, 1905-2015 <sup>73</sup>



The comrades of PTS/FT unfortunately share the PO's view of China and Russia to a considerable degree. As we demonstrated in our recently published pamphlet, the PTS/FT leaders also claims that neither Russia nor China have created an "independent capitalist class". Hence it talks, in the case of China, not about the "ruling class" but about the "ruling bureaucracy". This becomes clear from the following quote, taken from the central political document adopted at their recently held international conference:

*"In the past years, the imperialist features of China have deepened. (...) Briefly, China can not challenge today the global supremacy of the U.S. which will remain the most important imperialist power in the next years. The GDP per capita of China is much too low (...), the differences in the military field are still huge, and the same holds true in the technological sector. Furthermore, neither in China nor in Russia could an independent capitalist class consolidate itself given the peculiarities of capitalist restoration. Hence, the role of the state is still dominant. (...) There exists a double challenge: China wants to get out of the limitations which the imperialist world economy imposes on it and at the same time the U.S. tries to break China. (...) This demonstrates that there is no possibility of a "peaceful road" towards an imperialist development of China."*<sup>79</sup>

We conclude this chapter by drawing attention to the important relationship of a correct analysis of the inter-imperialist rivalry and the resulting tactical platform. We have summarized this relationship in our 6 POINTS document:

*"It is only possible to understand the driving dynamic of the present period of capitalist crisis and to take a correct position if one recognizes the imperialist character not only of the US, EU and Japan but also of the new emerging powers,*

*Russia and China. Only on such a basis is it possible to arrive at the only correct, anti-imperialist program on this issue – proletarian internationalism and revolutionary defeatism, i.e., the perspective of consistent struggle of the working class independent of and against all imperialist powers. This means that revolutionaries refuse to lend support to any Great Power in inter-imperialist conflicts under the slogan 'The main enemy is at home!' (...) Those who fail to recognize the reactionary and imperialist character of these Great Powers will inevitably fail to take a consistent anti-imperialist, i.e. Marxist, line and will end up, consciously or unconsciously, supporting one or the other imperialist camp as a 'lesser evil'".<sup>80</sup>*

Unfortunately, the PO leadership and their international allies are far away from such a Marxist line!

### Excuse: The Theory of "Long Waves" and Dialectical Materialism

At this point we wish to make a brief note about a kind of criticism against PO's "catastrophism" which we consider as misplaced. It seems to us that some critics are "throwing the baby out with the bathwater", as the old German saying goes. They oppose PO's insistence on the permanent and uninterrupted decline of capitalism by emphasizing its cyclical nature. However, by doing so, they ignore the long-term trend of capitalism in the imperialist epoch. They rather end up in a mechanistic schema of regular alternating periods of ups and downs. Various economists – both bourgeois as well as some Marxists – have used such a scheme to support the so-called theory of "long waves".

While here is not the place for an extended critique of the theory of long waves, we wish to make a few remarks.

## Books of the RCIT

### Michael Pröbsting: World Perspectives 2018 - A World Pregnant With Wars And Popular Uprisings

The RCIT is proud to announce the publication of a new English-language book – WORLD PERSPECTIVES 2018: A WORLD PREGNANT WITH WARS AND POPULAR UPRISINGS. The book's subtitle is: Theses on the World Situation, the Perspectives for Class Struggle and the Tasks of Revolutionaries.

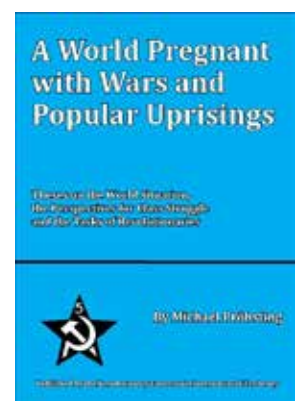
This book is a major contribution of our organization to keep the Marxists' analysis of the world situation and its accelerating contradictions updated. As we emphasize in the document, we consider it as crucial for revolutionaries to understand the nature and the inner dynamics of the current historic period. Without such an understanding it is impossible for socialists, indeed for all liberation fighters, to possess the necessary political compass on which they can base their program, strategy and tactics.

Since several years does the RCIT publish annual studies on the world situation in which it analysis its most important developments and changes. This book updates the Marxist analysis of the state of the world economy, of the relations between the Great Powers, of the struggle between the classes and the tactics of revolutionaries. We also deal in depth with new issues respectively extend our theoretical analysis on several questions. In particular we have deepened in this book,

among others, our understanding of the nature respectively the transitional character of the present world political phase, of the nature of different types of wars and the tactical conclusions arriving from this, of the complex nature of the conflicts in the Middle East, of the capitalist restoration in North Korea and, finally, we have elaborated a new proposal for an international platform for the unification of revolutionary forces in the present phase.

The book contains a preface, introduction and seven eight chapters plus an appendix (118 pages) and includes 23 figures, 9 tables and 2 maps. The author of the book is Michael Pröbsting who serves as the International Secretary of the RCIT.

You can find the contents and download the book for free at <https://www.thecommunists.net/theory/world-perspectives-2018/>



<sup>81</sup> We consider such ones as important as an accurate critique of the wrong conception of PO must be based on a clear Marxist basis and not on mechanistic, undialectical revisionism.

The long waves theory was first developed by Professor Nikolai Dmitrievich Kondratiev, whose background was the petty bourgeois current of Russian Social Revolutionaries. <sup>82</sup> It was taken up and further developed in different ways both by bourgeois theorists and various post-war theoreticians of Marxism. The most well-known theorist of the long waves in the centrist "Trotskyist" camp is the late Ernest Mandel who was leader of the biggest revisionist post-war currents claiming to constitute the Fourth International. <sup>83</sup>

The theory of long waves divides the capitalist epoch into two types of alternating period — the so-called long waves of upturn and downturn. These each last 20-25 years, in which a decisive factor is the period of depreciation of the relevant technology. In this way Kondratieff explains the 50-year cycle as due to the lifespan of fixed capital.

Mandel then tried to combine this Kondratiev technofetishist schematism with Marxism, in that he gave a central role to technological innovation and sought to connect this to the development of the rate of profit. But he remains within the bounds of the schematism of the 20-25 year-long wave motion.

As we outlined above, our critique of the long waves theory has nothing to do with rejecting the historical

subdivision of capitalism into segments. However, we reject the long waves theory as un-Marxist, firstly because it ignores the primary significance of the relevant epoch of capitalism for the specific character of a given period within such epoch (as the epoch of up-and-coming free competition capitalism of the 19<sup>th</sup> century or the epoch of declining monopoly capitalism since the beginning of the 20<sup>th</sup> century).

Secondly, and related to this, such a periodization of the history of capitalism has a schematic and unhistorical character. The long waves theory is a one-dimensional theory which can only see the world economy in terms of the simple parameters of up- and downturn periods. In the final analysis, it reproduces a bourgeois image of history of eternal repetition in the form of upward and downward motion of the economy. Through this lack of dialectics it is completely unfitted to grasp the many dimensions of complex capitalist reality. Trotsky rightly rejected this simple reduction of the economy to upward and downward movements and developed a model which takes various types of trend as a point of departure.

Thirdly, Kondratieff is wrong to grant a decisive role to technological development. Why should completely different technologies — from the steam engine, via the telegraph and the railways, to the computer — all result in the same time span of 20-25 years for a cycle?! What secret mechanism lies hidden here?!

Fourthly, the schematism of the theory of long waves

**RCIT PUBLICATIONS ON RUSSIA AND IMPERIALISM**



leads to an undialectical objectivism. If history knows only 20-25 year-long, alternating expanding and contracting waves, what remains for Marxists of the decisive role of the subjective factor, of the class struggle of the proletariat and the intervention of the revolutionary party? Mandel tries to get out of this with a trick, by attributing the switch from a long upward to downward wave to causes inherent ("endogenous") to capitalism; the switch from long downward to a long upward wave, he puts down, however, to events in the class struggle ("exogenous" causes). This now makes the whole theory completely inconsistent and absurd – why, despite these different causes, do all periods last 20-25 years?!

In the end, Mandel's long wave theory is an eclectic broth, an undialectical, dualistic theory which ignores the deep-seated laws of motion of the capitalist mode of production and underestimates the decisive significance of revolutionary class struggle. While Mandel claims to relate to Trotsky's conception, in fact, the leader of the Third and Fourth International explicitly rejected Kondratiev's theory.<sup>84</sup> Furthermore, Kondratiev's theory of long waves was intensively discussed by Soviet economists in the 1920 and rejected by all of them.<sup>85</sup>

Looking at it from a philosophical point of view, we have to say that the theory of long waves is in fact based on a petty-bourgeois, harmonist theory of equilibrium. It views, in the final analysis, capitalism as a system which basically tends to equilibrium and not towards breakdown. It views gradualist evolution and not revolutionary rupture as the prime feature of our epoch.

But from the point of view of dialectical materialism, it is not the static state which is the main characteristic of life in general and capitalism in particular – it is rather motion. Engels emphasized this point of view very clear in his books dealing with dialectical materialism:

*"The rock comes to rest, but weathering, the action of the ocean surf, of rivers and glacier action continually destroys the equilibrium. Evaporation and rain, wind, heat, electric and magnetic phenomena offer the same spectacle. Finally, in the living organism we see continual motion of all the smallest particles as well as of the larger organs, resulting in the continual equilibrium of the total organism during normal period of life, which yet always remains in motion, the living unity of motion and equilibrium. All equilibrium is only relative and temporary."*<sup>86</sup>

*„Motion is the mode of existence of matter. Never anywhere has there been matter without motion, nor can there be. Motion in cosmic space, mechanical motion of smaller masses on the various celestial bodies, the vibration of molecules as heat or as electrical or magnetic currents, chemical disintegration and combination, organic life -at each given moment each individual atom of matter in the world is in one or other of these forms of motion, or in several forms at once. All rest, all equilibrium, is only relative, only has meaning in relation to one or other definite form of motion. (...) Matter without motion is just as inconceivable as motion without matter. Motion is therefore as uncreatable and indestructible as matter itself."*<sup>87</sup>

It is true that some Marxists try to create a synthesis of motion and equilibrium. But such a synthesis is not dialectical but rather mechanistic too. N. A. Karev, a leading philosopher of the great Deborin school which dominated the philosophical discussions in the young Soviet Union in the 1920s before it was crushed by Stalin,

remarked appropriately in a polemic:

*„Bogdanov's theory of equilibrium basically rests on the static point of view and not the dynamic one, as it recognizes the moment of static state as determining and not the moment of motion of a given body. The category of 'moving' equilibrium does not solve the problem as it views the mobility as a breach of the equilibrium and not the other way round – that the state of equilibrium is a provisional and relative moment of stability within the process of motion. The unity of equilibrium and motion is here understood by emphasizing the category of equilibrium while dialectic emphasizes the motion of a body, which is always and everywhere inherent to it."*<sup>88</sup>

### From Economic Crisis to Revolutionary Situation?

The comrades of PO might imagine that because of their "catastrophist" analysis of capitalism they would be better positioned to predict revolutionary situations. But this is not true. While the economic dynamic of capitalism is important for the political development of the bourgeois society and the class struggle, it by no means automatically determines the latter. It would be completely wrong to imagine that a recession in itself provokes an uprising of the class struggle. As we demonstrated in our analyses of the world situation in the past decade, the strongest upswing, until now, of the global class struggle in the time-span of the historic period which started in 2008, did not take place in the mid of the recession 2008/09 but rather in the phase after it (2011-13).

It is not the recession in itself (or the boom) which provokes a revolutionary situation but rather the crisis-ridden instability, the economic, political and social zigzags which lead to sharp ruptures in political life.

Trotsky pointed already out in his speeches and writings for the III. Congress of the Communist International in 1921 that there is no kind of automatism between the economic cycle and the political cycle of the class struggle: *"Neither impoverishment nor prosperity as such can lead to revolution. But the alternation of prosperity and impoverishment, the crisis, the uncertainty, the absence of stability – these are the motor factors of revolution."*<sup>89</sup>

Revolutionaries have to take into account the complexity of capitalist society. True, the general line of development of the productive forces is the most important factor determining the "curve of capitalism". But it is not the only one. And when we have to analyze the factors leading to a revolutionary situation, various other factors have to be taken into account.

In addition to the development of the productive forces (which, by the way, have to be viewed in their totality, i.e. economy, living conditions of humanity, environment, etc.),<sup>90</sup> one has to analyze the concrete feature of the economic cycle, the contradiction in the political superstructure of capitalism, the state of the class struggle and the relations of forces between the classes as well as within the workers movement. And finally, and most importantly, we have to look at the state of the revolutionary subject: the working class, the workers vanguard and in particular the revolutionary forces. Without such a concrete analysis, it is impossible to understand the conditions for the emergence and nature of a revolutionary situation in a given country.



## Can the Crisis of Leadership be Solved without an International Democratic-Centralist Organization?

Let us now deal with another danger of PO's "catastrophism". One could think that emphasizing the breakdown of capitalism in itself would guarantee a somehow more revolutionary program. Nothing could be more distant from the truth! It was a defining feature of the leading theoreticians of the Second International like Karl Kautsky and Otto Bauer to predict the "inevitable collapse" of capitalism. In fact, their "optimism" about the decline of capitalism rather served as an excuse for their "revolutionary fatalism". It was used as justification for these "Marxists" to refrain from the revolutionary class struggle and to adapt to the bourgeoisie.

In his major speech at the III. Congress of the Communist International, Trotsky pointed out: "Faith in automatic evolution is the most important and the most characteristic trait of opportunism."<sup>91</sup> While he denounced at this point the social democratic revisionists like Cunow and Hilferding, his observation is no less true for those who believe in the automatic collapse of capitalism.

The methodological problem of the PO comrades is not that they adapt to the bourgeoisie, as the "Marxist" reformists did in the 1920s and 1930s. It is rather that their "catastrophism", wittingly or unwittingly, serves as an excuse since many years that they refrain from building a revolutionary world party on the basis of a common program. In fact, PO is a national-centered Trotskyist organization which entertains some "fraternal relations" to a few other organizations.

As the RCIT has always pointed out, a Marxist or Trotskyist organization can not exist on a national basis. It can only exist as an international unit. Without such an international existence, it is doomed to degenerate into national-centeredness. Trotsky once rightly remarked: "Marxist policies 'in one country' are as impossible as the construction of a socialist society 'in one country'."<sup>92</sup>

He emphasized in numerous documents the urgency of revolutionaries to build simultaneously a national as well as an international organization. He considered such an

internationalist orientation as indispensable for both a party as well as for a smaller, pre-party organization.

*„From its very first steps the Opposition must therefore act as an international faction – as did the Communists in the days of the publication of the Communist Manifesto, or in the Zimmerwald Left at the beginning of the war. In all these cases the groups were for the most part small numerically or it was a matter of isolated individuals; but they nevertheless acted as an international organization. In the epoch of imperialism such a position is a hundred times more imperative than in the days of Marx.*

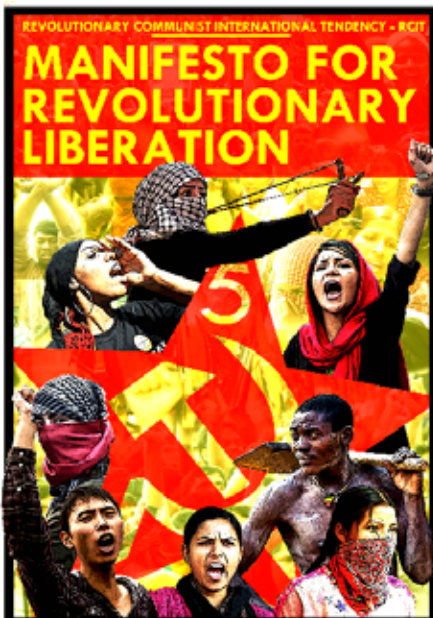
*Those who believe that the International Left will someday take shape as a simple sum of national groups, and that therefore the international unification can be postponed indefinitely until the national groups "grow strong," attribute only a secondary importance to the international factor and by this very reason take the path of national opportunism.*

*It is undeniable that each country has greatest peculiarities of its own; but in our epoch these peculiarities can be assayed and exploited in a revolutionary way only from an internationalist point of view. On the other hand, only an international organization can be the bearer of an international ideology.*

*Can anyone seriously believe that isolated Oppositional national groups, divided among themselves and left to their own resources, are capable of finding the correct road by themselves? No, this is a certain path to national degeneration, sectarianism, and ruin. The tasks facing the International Opposition are enormously difficult. Only by being indissolubly tied together, only by working out answers jointly to all current problems, only by creating their international platform, only by mutually verifying each one of their steps, that is, only by uniting in a single international body, will the national groups of the Opposition be able to carry out their historic task."<sup>93</sup>*

The comrades of PO might object that they founded the CRFI in 2004. Leaving aside that their organization already existed before for decades without any serious international organization, the CRFI itself never became a real international unit based on democratic centralism, i.e. an organization with an international homogenous programmatic line, discipline, and leadership.

Just look at the small number of international statements! The CRFI began with a general declaration of principles (mentioned above) but never attempted to elaborate an



## NEW RCIT PROGRAM!

# Manifesto for Revolutionary Liberation

*Adopted at the 1<sup>st</sup> World Congress of the RCIT in October 2016*

**Introduction \* I. Decaying Capitalism \* II. Today's Worldwide Historic Revolutionary Period \* III. The Reactionary Offensive of the Ruling Class \* IV. A Program for Socialist Revolution to Halt Humanity's Collapse into Barbarism \* V. The Crisis of Leadership and the Construction of a Revolutionary World Party \* VI. Work in Mass Organizations and the United Front Tactic \* VII. The Semi-Colonial South \* VIII. The Emerging Imperialist Great Powers of the East: China and Russia \* IX. The Old Imperialist Great Powers: The EU, North America and Japan \* X. Conclusion**

*A RCIT Pamphlet, 36 pages, A5 Format*

international program, i.e. a Transitional Program for the present period. The comrades might claim that it is sufficient, or even particularly “orthodox”, to be content with the founding program of the Fourth International in 1938. What nonsense! A program must relate to the concrete developments of capitalism and the class struggle. Only an ignorant can deny that many features of capitalism have changed since 1938! This is why the RCIT has always emphasized the necessity to elaborate a program for the current period and, in addition, a platform for specific political conjunctures.<sup>94</sup>

However, for PO such concrete internationalism in party building is completely irrelevant. Usually, they publish statements of PO on important world events of the class struggle but only seldom joint international statements with other organizations. They can publish a weekly paper and theoretical journals in Argentina since many years, but no international journal! They spend much money for their electoral work in FIT but not for constructing an international organization. They can participate in elaborating a program for FIT but they can't write an international program. In short, PO is an organization which superficially covers its national-centeredness with platonic internationalism!

Trotsky's polemic against various national-centered centrists in the 1930s is fully valid today. In replying to criticism by the Italian-centred Bordigists, he wrote in 1930:

*“Your conception of internationalism appears to me erroneous. In the final analysis, you take the International as a sum of national sections or as a product of the mutual influence of national sections. This is, at least, a one-sided, undialectical and, therefore, wrong conception of the International. If the Communist Left throughout the world consisted of only five individuals, they would have nonetheless been obliged to build an international organization simultaneously with the building of one or more national organizations.*

*It is wrong to view a national organization as the foundation and the international as a roof. The interrelation here is of an entirely different type. Marx and Engels started the communist movement in 1847 with an international document and with the creation of an international organization. The same thing was repeated in the creation of the First International. The very same path was followed by the Zimmerwald Left in preparation for the Third International. Today this road is dictated far more imperiously than in the days of Marx. It is, of course, possible in the epoch of imperialism for a revolutionary proletarian tendency to arise in one or another country, but it cannot thrive and develop in one isolated country; on the very next day after its formation it must seek for or create international ties, an international platform, an international organization. Because a guarantee of the correctness of the national policy can be found only along this road. A tendency which remains shut-in nationally over a stretch of years, condemns itself irrevocably to degeneration.*

*You refuse to answer the question as to the character of your differences with the International Opposition on the grounds that an international principled document is lacking. I consider such an approach to the question as purely formal, lifeless, not political and not revolutionary. A platform or program is something that comes as a result of extensive experiences from joint activities on the basis of a certain number of common ideas and methods. Your 1925 platform did not come into being on the very first day of your existence as a faction. The Russian Opposition created a platform in the fifth year of its struggle; and*

*although this platform appeared two and a half years after yours did, it has also become outdated in many respects.”<sup>95</sup>*

Trotsky was absolutely right! Like he, the RCIT insists that building an international organization is *always* a central task – for the pre-party organization no less than for the party. A smaller pre-party organization is no less influenced by its material conditions than a party. National centeredness is disastrous for revolutionaries irrespective of their numbers. The laws of materialism – “*being determines consciousness*” – hold true in all circumstances! Hence, a small national organization which refuses to simultaneously expand internationally will eventually be corroded by national centeredness and loses its revolutionary character if it does not energetically correct its orientation and turn towards internationalism in practical, organizational terms.

## Conclusions

In conclusion, we have demonstrated in this pamphlet that there is an undeniable relationship between the theoretical foundation of PO, its assessment of key features of the world situation and its organizational politics.

PO's undialectical conception of catastrophism is effectively a one-sided mantra-like phrase that capitalism is about to decompose. It saves its leaders the trouble to analyze concretely different periods and phases within the epoch of imperialism. Neither do they see the need to develop concrete programs for such different periods.

Confusing the historic tendency of capitalism to breakdown with literally stagnation and lack of any development results in PO's inability to recognize the completed restoration of capitalism in China, the former USSR and Eastern Europe. This is an amazing “achievement” nearly 30 years after this restoration actually did take place! PO even denies the development of a capitalist class in these countries!

It is therefore only logical that PO also strongly denies the emergence of China and Russia as imperialist Great Powers. This is a major failure in a historic period which is centrally characterized by the acceleration of the rivalry between the Western and Eastern Great Powers!

Such denial, inevitable, leads the PO leadership to the logical consequence that it “critically” supports China and Russia against the Western imperialist powers. Hence, they join the camp of pro-Eastern social-imperialism.

Finally, PO's catastrophism serves as an excuse for its vulgar national-centeredness. Since numerous years it has completely failed to build an international organization or to elaborate an international program. It is definitely no exaggeration to estimate that the PO leadership invests 99% of its time, money and energy into national politics in Argentina. Such a method is the complete opposite of the method of Trotsky and the Fourth International!

Trotsky once remarked very accurately: “*One who predicted daily the eclipse of the sun would finally live to see this prediction fulfilled. But we are unlikely to consider such a prophet a serious astronomer. The tasks of Communists is not to predict crises, revolutions, and wars every single day, but to prepare for wars and revolutions by soberly evaluating the circumstances and conditions that arise between wars and revolutions.*”<sup>96</sup>

One could imagine he did already foresee the failures of PO's leadership!

## Footnotes

1 We refer to the English-language translation in those cases where such exist according to our current knowledge: Henryk Grossman: Das Akkumulations- und Zusammenbruchsgesetz des kapitalistischen Systems (Zugleich eine Krisentheorie), Verlag von C. L. Hirschfeld, Leipzig 1929 (in English: Law of the Accumulation and Breakdown, <http://www.marxists.org/archive/grossman/1929/breakdown/index.htm>); Henryk Grossman: Eine neue Theorie über Imperialismus und die soziale Revolution (1928), in: Aufsätze zur Krisentheorie, Verlag Neue Kritik, Frankfurt a. M. 1971; Fritz Sternberg: Der Imperialismus (1926), Verlag Neue Kritik, Frankfurt a. M. 1971; Eugen Varga: Die Niedergangsperiode des Kapitalismus, Verlag der Kommunistischen Internationale, Hamburg 1922; Eugen Varga: Aufstieg oder Niedergang des Kapitalismus, Verlag Carl Hoym, Hamburg 1924 (in English: The Decline of Capitalism, London 1924, <https://www.marxists.org/archive/varga/1924/x01/x01.htm>); Eugen Varga: Die Krise des Kapitalismus und ihre politischen Folgen, Europäische Verlagsanstalt, Frankfurt a. M. 1971; Paul Mattick: The Permanent Crisis - Henryk Grossman's Interpretation of Marx's Theory Of Capitalist Accumulation (1934), <https://www.marxists.org/archive/mattick-paul/1934/permanent-crisis.htm>; Paul Mattick: Zur Marx'schen Akkumulations- und Zusammenbruchstheorie (1934), <https://www.marxists.org/deutsch/archiv/mattick/1934/theorie.htm>; Paul Mattick: Marx und Keynes. Die Grenzen des „gemischten“ Wirtschaftssystems, Europäische Verlagsanstalt, Frankfurt a. M. 1971 (in English: Paul Mattick: Marx and Keynes. The Limits of the Mixed Economy, 1969, <https://www.marxists.org/archive/mattick-paul/1969/marx-keynes/index.htm>); Paul Mattick: Kritik der Neomarxisten und andere Aufsätze, Fischer Taschenbuch Verlag, Frankfurt a. M. 1974.

2 Concerning the theory of catastrophism, we have taken into account the following articles of PO for this essay:

Pablo Rieznik: Sobre el origen del “catastrofismo”, 29 de enero de 2015, Prensa Obrera #1348, <http://www.prensaobrera.com/prensaObrera/1348/cultura/sobre-el-origen-del-catastrofismo>; Pablo Heller: PTS: anticatastrofismo y política democratizante, 15 de septiembre de 2016, Prensa Obrera #1428, <http://www.prensaobrera.com/prensaObrera/1428/internacionales/las-conclusiones-politicas-de-la-conferencia-internacional-del-pts>; Daniel Gaido: Los orígenes históricos del término “catastrofismo”, 15 de enero de 2015, Prensa Obrera #1347, <http://www.prensaobrera.com/prensaObrera/1347/sociedad/los-origenes-historicos-del-termino-catastrofismo>; Pablo Heller: La izquierda frente a la crisis mundial, En Defensa del Marxismo #49, <http://www.prensaobrera.com/publicaciones/verNotaRevistaTeorica/49/la-izquierda-frente-a-la-isis-mundial>;

We have also taken into account several documents of the *Partido de los Trabajadores Socialistas* (PTS) and its international current, the Trotskyist Fraction - Fourth International. The PTS collaborates with PO in the framework of the electoral Alliance FIT and is, at the same time, a major rival of PO. The PTS has published a number of polemics against PO on the issue of “catastrofismo”. See e.g. Guillermo Iturbide: El derrumbe del capitalismo y la estrategia marxista. Una polémica con el Partido Obrero alrededor del “catastrofismo” desde la Internacional Comunista de los orígenes, Ediciones IPS-CEIP, Jueves 16 de febrero de 2017, <https://www.laizquierdadiario.com/El-derrumbe-del-capitalismo-y-la-estrategia-marxista>; Claudia Cinatti: On Internationalism: A Response to the Partido Obrero, January 02, 2017, <http://www.leftvoice.org/On-Internationalism-A-Response-to-the-Partido-Obrero>. See also Mercadante Esteban, Noda Martín: Gradualismo y catastrofismo”, Revista Lucha de Clases Nro 8, junio 2008; Claudio Katz: Los efectos del dogmatismo, Revista Espacio Crítico No 8. Enero – Julio de 2008.

3 Daniel Gaido: Los orígenes históricos del término

“catastrofismo”; Pablo Rieznik: Sobre el origen del “catastrofismo”

4 Eduard Bernstein: Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie (1899), Dietz Verlag, Berlin 1991, online: <https://www.marxists.org/deutsch/referenz/bernstein/1899/voraus/index.html>; in English: Eduard Bernstein: Evolutionary Socialism: A Criticism And Affirmation, B. W. Huebsch, New York 1909, online: <https://www.marxists.org/reference/archive/bernstein/works/1899/evsoc/index.htm>

5 In German language on p. 8; In English language on p. x (see sources in the previous footnote).

6 Jorge Altamira: “Reconstruir la IV Internacional con una lucha política franca”. Extractos de la intervención en el acto internacionalista, 12 de abril de 2018, Prensa Obrera #1497, <http://www.prensaobrera.com/prensaObrera/1497/internacionales/reconstruir-la-iv-internacional-con-una-lucha-politica-franca>

7 Karl Marx: Capital. A Critique of Political Economy, Volume I, in: MECW Vol. 35, pp. 750-751. For reasons unknown to me, the English translation of *Capital* has given the chapters different number than the German-language original. Hence chapter 24 in the German-language original version of Capital is chapter XXXII in the English-language translation. As I have pointed out elsewhere this is neither the only nor the worst example of problems in the English translations of the works of Marx, Engels and Lenin.

8 Karl Marx: Grundrisse der Kritik der Politischen Ökonomie (Outlines of the Critique of Political Economy, 1857-58), MECW 29, p. 134

9 Roman Rosdolsky: The Making of Marx's ‘Capital’, Pluto Press, London 1977, p. 382

10 V. I. Lenin: Marxism and Revisionism (1908), in: LCW 15, pp. 35-36

11 Leon Trotsky stated in the Transitional Program: “*All talk to the effect that historical conditions have not yet “ripened” for socialism is the product of ignorance or conscious deception. The objective prerequisites for the proletarian revolution have not only “ripened”; they have begun to get somewhat rotten. Without a socialist revolution, in the next historical period at that, a catastrophe threatens the whole culture of mankind. The turn is now to the proletariat, i.e., chiefly to its revolutionary vanguard. The historical crisis of mankind is reduced to the crisis of the revolutionary leadership.*” (Leon Trotsky: The Death Agony of Capitalism and the Tasks of the Fourth International: The Mobilization of the Masses around Transitional Demands to Prepare the Conquest of Power (The Transitional Program); in: Documents of the Fourth International. The Formative Years (1933-40), New York 1973, p. 181, <https://www.marxists.org/archive/trotsky/1938/tp/index.htm>)

12 Leon Trotsky: War and the Fourth International (1934); in: Trotsky Writings 1933-34, p. 299, <https://www.marxists.org/archive/trotsky/1934/06/warfi.htm>

13 Leon Trotsky: Marxism In Our Time, <https://www.marxists.org/archive/trotsky/1939/04/marxism.htm>

14 ibid

15 Karl Marx: Grundrisse der Kritik der politischen Ökonomie; in: MECW Vol. 29, p. 133

16 See on this e.g., Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis, London 2008

17 Esteban Ezequiel Maito: The historical transience of capital The downward trend in the rate of profit since XIX century, 2014, p. 13

18 Michael Roberts: Revisiting a World Rate of Profit (2015), <https://thenextrecession.files.wordpress.com/2015/12/revisiting-a-world-rate-of-profit-june-2015.pdf>

19 The figure is from Peter Jones who elaborated a highly interesting method to better calculate the rate of profit. See Peter Jones: The Falling Rate of Profit Explains Falling US Growth, Paper for the 12th Australian Society of Heterodox Economists Conference, November 2013; see also Peter Jones: Depreciation, Devaluation and the Rate of Profit, Australian

National University. (The figure above is reproduced from: Michael Roberts: Investment, profit and growth (2017), <https://thenextrecession.wordpress.com/2017/06/13/investment-profit-and-growth/>.)

20 FAO: Global Trends in GDP and Agriculture Value Added (1970-2013), May 2015, <http://www.fao.org/economic/ess/ess-economic/gdpagriculture/en/>

21 Deepak Nayyar: The South in the World Economy: Past, Present and Future, UNDP Human Development Report Office, Occasional Paper 2013/01, p. 6

22 European Commission: Statistical Annex of European Economy, Autumn 2015, p. 49

23 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>

24 RCIT: World Perspectives 2016: Advancing Counterrevolution and Acceleration of Class Contradictions Mark the Opening of a New Political Phase. Theses on the World Situation, the Perspectives for Class Struggle and the Tasks of Revolutionaries (January 2016), Chapter II, <https://www.thecommunists.net/theory/world-perspectives-2016/>.

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

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. 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. 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.

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.” (V. I. Lenin: Imperialism and the Split in Socialism; in: LCW Vol. 23, pp.105-106)

26 See e.g. chapter 14(i) in Michael Pröbsting: The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism, RCIT Books, Vienna 2013, pp. 372-394, <https://www.thecommunists.net/theory/great-robbery-of-the-south/>; See also Michael Pröbsting: Building the Revolutionary Party in Theory and Practice. Looking Back and

Ahead after 25 Years of Organized Struggle for Bolshevism, RCIT Books, Vienna 2014, pp. 81-84 and pp. 101-103, <https://www.thecommunists.net/theory/rcit-party-building/>

27 For a detailed analysis of the different political phases in the current historic period, we refer readers to the various World Perspective documents which the RCIT has published since 2013.

Michael Pröbsting: World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings. Theses on the World Situation, the Perspectives for Class Struggle and the Tasks of Revolutionaries, RCIT Books, Vienna 2018, <https://www.thecommunists.net/theory/world-perspectives-2018/>; RCIT:

World Perspectives 2017: The Struggle against the Reactionary Offensive in the Era of Trumpism, 18 December 2016, <https://www.thecommunists.net/theory/world-perspectives-2017/>;

RCIT: World Perspectives 2016: Advancing Counterrevolution and Acceleration of Class Contradictions Mark the Opening of a New Political Phase, 23 January 2016, <https://www.thecommunists.net/theory/world-perspectives-2016/>;

RCIT: Perspectives for the Class Struggle in Light of the Deepening Crisis in the Imperialist World Economy and Politics, 11 January 2015, <https://www.thecommunists.net/theory/world-situation-january-2015/>;

RCIT: Escalation of Inner-Imperialist Rivalry Marks the Opening of a New Phase of World Politics. Theses on Recent Major Developments in the World Situation Adopted by the RCIT's International Executive Committee, April 2014, in: *Revolutionary Communism* (English-language Journal of the RCIT) No. 22, <http://www.thecommunists.net/theory/world-situation-april-2014/>;

RCIT: Aggravation of Contradictions, Deepening of Crisis of Leadership. Theses on Recent Major Developments in the World Situation Adopted by the RCIT's International Executive Committee, 9.9.2013, in: *Revolutionary Communism* No. 15, <http://www.thecommunists.net/theory/world-situation-september2013/>;

RCIT: The World Situation and the Tasks of the Bolshevik-Communists. Theses of the International Executive Committee of the Revolutionary Communist International Tendency, March 2013, in: *Revolutionary Communism* No. 8, [www.thecommunists.net/theory/world-situation-march-2013/](http://www.thecommunists.net/theory/world-situation-march-2013/);

Michael Pröbsting: The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism, RCIT Books, Vienna 2013, <https://www.thecommunists.net/theory/great-robbery-of-the-south/>.

28 See Michael Pröbsting: Building the Revolutionary Party in Theory and Practice. p. 101, <https://www.thecommunists.net/theory/rcit-party-building/>

29 Leon Trotsky: Report on the World Economic Crisis and the New Tasks of the Communist International (1921), in: Leon

Trotsky: The First Five Years of the Communist International, Vol. I, 1924, New Park, London 1973, pp. 264-65, <http://www.marxists.org/archive/trotsky/works/1924/ffyci-1/ch19.htm>

30 RCIT: World Perspectives 2017: The Struggle against the Reactionary Offensive in the Era of Trumpism. Theses on the World Situation, the Perspectives for Class Struggle and the Tasks of Revolutionaries, 18 December 2016; Revolutionary Communism No. 59 (January 2017), p. 6 (Thesis 14), <https://www.thecommunists.net/theory/world-perspectives-2017/>

31 Leon Trotsky: The Third International After Lenin. The Draft Program of the Communist International: A Criticism of Fundamentals (1928), Pathfinder Press, New York 1970, pp. 81-82, <http://www.marxists.org/archive/trotsky/1928/3rd/ti04.htm>.

Trotsky continues in the subsequent paragraphs of this quote with the following elaboration:

*“What did we have in Europe in the course of the last decades before the war? In the sphere of economy -- a mighty advance of productive forces with “normal” fluctuations of the conjuncture. In politics -- the growth of social democracy at the expense of liberalism and “democracy” with quite insignificant fluctuations. In other words, a process of systematic intensification of economic and political contradictions, and in this sense, the creation of the prerequisites for the proletarian revolution.*

*What have we in Europe in the post-war period? In economy -- irregular, spasmodic curtailments and expansions of production, which gravitate in general around the pre-war level despite great technical successes in certain branches of industry. In politics -- frenzied oscillations of the political situation towards the Left and towards the Right. It is quite apparent that the sharp turns in the political situation in the course of one, two, or three years are not brought about by any changes in the basic economic factors, but by causes and impulses of a purely superstructural character, thereby indicating the extreme instability of the entire system, the foundation of which is corroded by irreconcilable contradictions.”*

32 Leon Trotsky: Report on the World Economic Crisis and the New Tasks of the Communist International (1921), in: Leon Trotsky: The First Five Years of the Communist International, Vol. I, 1924, New Park, London 1973, p. 226, <https://www.marxists.org/archive/trotsky/1924/ffyci-1/ch19.htm>

33 Dario Caldaray Matteo Iacoviello: Measuring Geopolitical Risk, Board of Governors of the Federal Reserve System, January 10, 2018

34 Michael Pröbsting: World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings. Theses on the World Situation, the Perspectives for Class Struggle and the Tasks of Revolutionaries, Vienna 2018, <https://www.thecommunists.net/theory/world-perspectives-2018/>

35 See the relevant chapters on the world economy in the World Perspective documents mentioned above.

36 Leon Podkaminer: Has Trade Been Driving Global Economic Growth, The Vienna Institute for International Economic Studies, Working Paper 131 (2016), p. 3

37 OECD: The Future of Productivity, Paris 2015, p. 16

38 Michael Heise, Arne Holzhausen, Rolf Schneider: The productivity slump in the advanced economies: Explanations and need for action, Allianz Working Paper 194, 24.11.2015, p. 15

39 Economic Report of the President, January 2017, Washington, p. 105

40 Tyler Durden: Global Debt Hits Record \$233 Trillion, Up \$16Tn In 9 Months, 01/07/2018, <https://www.zerohedge.com/news/2018-01-07/global-debt-hits-record-233-trillion-16-trillion-9-months>

41 Amina Mohammed: Deepening income inequality; in: World Economic Forum: Outlook on the Global Agenda 2015, p. 10.

42 OXFAM: An Economy For The 1%. How privilege and power in the economy drive extreme inequality and how this can be stopped, Oxfam Briefing Paper, 18 January 2016

43 Cultural world heritage threatened by climate change, 03/05/2014, <https://www.pik-potsdam.de/news/press-releases/>

[archive/2014/cultural-world-heritage-threatened-by-climate-change](https://www.pik-potsdam.de/news/press-releases/)

44 A Christian Aid: Human tide: the real migration crisis, May 2007, p. 22

45 OECD: Economic Outlook, Vol. 98 (2015/2), p.69

46 DARA and the Climate Vulnerable Forum: Climate Vulnerability Monitor 2nd Edition. A Guide to the Cold Calculus of a Hot Planet, Madrid 2012, pp. 17-18

47 DARA and the Climate Vulnerable Forum: Climate Vulnerability Monitor 2nd Edition. A Guide to the Cold Calculus of a Hot Planet, Madrid 2012, p. 16

48 See Karl Marx: Capital. A Critique of Political Economy, Volume III, in: MECW Vol. 37, pp. 358, <http://www.marxists.org/archive/marx/works/1894-c3/ch22.htm>.

In Volume I of Capital Marx describes the development of the cycle in the following way: „ periods of average activity, production at high pressure, crisis and stagnation“ (Karl Marx: Capital. A Critique of Political Economy, Volume I, in: MECW Vol. 35, p. 627; <http://www.marxists.org/archive/marx/works/1867-c1/ch25.htm#S3>).

We have summarized the laws of the business cycle in the first chapter of Michael Pröbsting: World economy – heading to a new upswing? published in Fifth International, Volume 3, No. 3, Autumn 2009, <https://www.thecommunists.net/theory/world-economy-crisis-2009/>

49 Ernest Mandel, for example, stated in 1968 that “neo-capitalism” was historically “a third stage in capitalism’s development” after the second stage of monopoly capitalism (see Ernest Mandel: Workers Under Neocapitalism, International Socialist Review, November-December 1968, [http://marxsite.com/workers\\_under\\_neocapitalism.htm](http://marxsite.com/workers_under_neocapitalism.htm)). Unsurprisingly, when capitalism entered again a period of crisis in the 1970s he would drop this thesis on the quiet.

In this context we want to repeat our historical assessment of Ernest Mandel which we summarized somewhere else. 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 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. In addition to his thesis of new epoch after monopoly capitalism, mentioned above, one has to draw attention to his affirmative interpretation of the un-dialectical, objectivist theory of the “Long Waves” (see below). 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 Pierre 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.

50 Abram Deborin: Lenin als revolutionärer Dialektiker (1925); in: Unter dem Banner des Marxismus, 1. Jahrgang (1925-26), p. 224 (our translation). Abram Deborin was the brilliant and leading figure of the dialectical materialist school in the USSR in the 1920s. Unfortunately while there exist numerous works of this great Marxist philosopher in Russian language and also a considerable amount in German language, the weakness of Marxism in the Anglo-Saxon world in the 1920s has resulted in the situation that hardly anything of his works at that time has been translated into English language. Some useful quotes and summaries of Deborin’s views in English language can be found in the following books: David Joravsky: Soviet Marxism and Natural Science 1917-1932, Routledge, New York 1961/2009;

David Bakhurst: *Consciousness and Revolution in Soviet philosophy: From the Bolsheviks to Evald Ilyenkov*, Cambridge University Press, Cambridge 1991; Helena Sheehan: *Marxism and the Philosophy of Science*, Humanities Press International, New Jersey 1985.

51 Leon Trotsky: *The Curve of Capitalist Development* (1923), in: *Leon Trotsky: Problems of Everyday Life*, Pathfinder Press, New York 1994, pp. 275-276

52 Leon Trotsky: *Problems of Everyday Life*, p. 278; we have taken this graph from the US-Trotskyists' theoretical journal *Fourth International*, Vol. 2, No. 4 (May 1941), p. 113, which can be found on the website <https://www.marxists.org/>.

53 Karl Marx: *Capital. A Critique of Political Economy*, Volume I, in: MECW Vol. 35, p. 588

54 Nikolai Bukharin: *Ökonomik der Transformationsperiode* (1920), p. 148, (*Economics of the Transition Period*; our translation). Bukharin, before his degeneration as an ally of Stalin and a theoretician of right-wing centrism in the later 1920s, was a leading theoretician of the Bolshevik Party at the time of Lenin. While his writings always contained certain defects of schematism (some more, others less), he was an interesting and thoughtful theoretician who made, before his degeneration, important contributions to Marxism. Lenin, in his "testament", summarized the contradictory nature of his comrade: "*Bukharin is not only a most valuable and major theorist of the Party; he is also rightly considered the favourite of the whole Party, but his theoretical views can be classified as fully Marxist only with great reserve, for there is something scholastic about him (he has never made a study of the dialectics, and, I think, never fully understood it).*" (V. I. Lenin: "Last Testament". Letter to the Congress (1922), in: LCW Vol. 36, p. 595).

55 Pablo Heller: *La izquierda frente a la crisis mundial*

56 Draft of programmatic thesis for the Congress for the Refoundation of the IV International, 2004, <http://www.progettocomunista.it/04BairesTesiProgrammatica.htm>

57 We have analysed the restoration of capitalism in various places. See e.g. Michael Pröbsting: *Cuba's Revolution Sold Out? The Road from Revolution to the Restoration of Capitalism*, August 2013, RCIT Books, <https://www.thecommunists.net/theory/cuba-s-revolution-sold-out/>; see also chapter VI (dealing with capitalist restoration in North Korea) in the above mentioned book Michael Pröbsting: *World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings; concerning capitalist restoration in China we refer to Michael Pröbsting: The Great Robbery of the South* (Chapter X).

58 Pablo Heller: *China: El otro bonapartismo*, March 9, 2017, *Prensa Obrera* # 1449 <http://www.prensaobrera.com/prensaObrera/1449/internacionales/china-el-otro-bonapartismo>

59 Partido Obrero's contribution to the international conference debate (adopted by the National Committee of Partido Obrero), 21.3.2018, <http://www.prensaobrera.com/prensaObrera/online/en/partido-obrero-s-contribution-to-the-international-conference-debate>

60 Partido Obrero, PT (Uruguay), DIP (Turkey), EEK (Greece): *Declaration of the International Conference*, 13 de abril de 2018, <http://www.prensaobrera.com/prensaObrera/online/internacionales/declaration-of-the-international-conference>

61 The RCIT has dealt with China's BRI imitative in various documents. See e.g. our pamphlet Michael Pröbsting: *The China-India Conflict: Its Causes and Consequences. What are the background and the nature of the tensions between China and India in the Sikkim border region? What should be the tactical conclusions for Socialists and Activists of the Liberation Movements?* 18 August 2017, *Revolutionary Communism* No. 71, <https://www.thecommunists.net/theory/china-india-rivalry/>

62 Hong Kong Trade Development Council: *Changing Global Production Landscape and Asia's Flourishing Supply Chain*, 3 October 2017, p.4

63 Michael Pröbsting: *World Perspectives 2018*, p. 59

(Footnote 99)

64 Forbes Global 2000 List (2017), <https://www.forbes.com/global2000/list/45/#tab:overall>

65 Hurun Global Rich List 2017, <http://www.hurun.net/EN/HuList/Index?num=8407ACFCBC85>; see also Zhu Wenqian: *Beijing listed as billionaire capital of world once again*, *China Daily*, 2017-03-08, [http://www.chinadaily.com.cn/business/2017-03/08/content\\_28470987.htm](http://www.chinadaily.com.cn/business/2017-03/08/content_28470987.htm); Michael Pröbsting: *China's "Socialist" Billionaires*, 16.11.2015, <http://www.thecommunists.net/worldwide/asia/china-s-billionaires/>

66 Luisa Kroll and Kerry A. Dolan: *Forbes 2017 Billionaires List: Meet The Richest People On The Planet*, 20.3.2017, <https://www.forbes.com/sites/kerryadolan/2017/03/20/forbes-2017-billionaireslist-meet-the-richest-people-on-the-planet/#2084cc6362ff>; see also <https://www.forbes.com/billionaires/list/#version:static>

67 Facundo Alvaredo, Lucas Chancel, Thomas Piketty, Emmanuel Saez, Gabriel Zucman: *World Inequality Report 2018*, pp. 107-108

68 *World Inequality Report 2018*, p. 108

69 Partido Obrero's contribution to the international conference debate (adopted by the National Committee of Partido Obrero), 21.3.2018, <http://www.prensaobrera.com/prensaObrera/online/en/partido-obrero-s-contribution-to-the-international-conference-debate>; see also Pablo Heller: *A dónde va China. Entre la guerra comercial y la restauración capitalista*, 26 de abril de 2018, <http://www.prensaobrera.com/prensaObrera/1499/internacionales/a-donde-va-china>

70 On the RCIT's analysis of Russia as an imperialist power see the literature mentioned in the special sub-section on our website: <https://www.thecommunists.net/theory/china-russia-as-imperialist-powers/>. In particular we refer readers to Michael Pröbsting: *Lenin's Theory of Imperialism and the Rise of Russia as a Great Power. On the Understanding and Misunderstanding of Today's Inter-Imperialist Rivalry in the Light of Lenin's Theory of Imperialism*, August 2014, <http://www.thecommunists.net/theory/imperialism-theory-and-russia/>; Michael Pröbsting: *Russia as a Great Imperialist Power. The formation of Russian Monopoly Capital and its Empire – A Reply to our Critics*, 18 March 2014, Special Issue of *Revolutionary Communism* No. 21 (March 2014), <https://www.thecommunists.net/theory/imperialist-russia/>.

71 *Who Owns Russia: 32 Largest Business Groups Make 51% of GDP*, *Emerging Markets Venue*, July 12, 2010, <http://www.emergingmarketsvenue.com/2010/07/12/russian-business-groups/>

72 *Credit Suisse: Global Wealth Report 2013*, p. 53

73 *World Inequality Report 2018*, p. 120

74 *World Inequality Report 2018*, p. 9

75 Friedrich Engels: *The Communists and Karl Heinzen* (1847), in: MECW, Vol. 6, p. 303

76 Partido Obrero, PT (Uruguay), DIP (Turkey), EEK (Greece): *Declaration of the International Conference*, 13 de abril de 2018 <http://www.prensaobrera.com/prensaObrera/online/internacionales/declaration-of-the-international-conference>

77 The quote is taken from Germaine A. Hoston: *Marxism and Japanese Expansionism: Takahashi Kamekichi and the Theory of "Petty Imperialism"*; in: *Journal of Japanese Studies*, Vol. 10, No. 1 (1984), pp. 13-14.

78 See Michael Pröbsting: *Syria and Great Power Rivalry: The Failure of the „Left“*. The bleeding Syrian Revolution and the recent Escalation of Inter-Imperialist Rivalry between the US and Russia – A Marxist Critique of Social Democracy, Stalinism and Centrism, 21 April 2018, in: *Revolutionary Communism*, New Series No. 6 (May 2018), <https://www.thecommunists.net/theory/syria-great-power-rivalry-and-the-failure-of-the-left/>

79 As we could not find an English-language translation of this document, we have translated this quote ourselves from the Spanish-language respectively the German-language

version. (XI CONFERENCIA DE LA FT: Tensiones económicas e inestabilidad política. Documento sobre situación internacional discutido en la XI Conferencia de la FT, 22.3.2018, 2018, <http://www.laizquierdadiario.com/Tensiones-economicas-e-inestabilidad-politica>; FT: Die Welt im Jahr 2018 (Teil 1): Wirtschaftliche Spannungen und politische Instabilität, <https://www.klassegegenklasse.org/die-welt-im-jahr-2018-teil-1-wirtschaftliche-spannungen-und-politische-instabilitaet/>)

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86 Friedrich Engels: Dialectics of Nature, in: MECW Vol. 25, pp. 525-526

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88 N.A. Karew: Die Theorie des Gleichgewichts und der Marxismus (1929); in: Wilhelm Goerdts (Hrsg.): Die Sowjetphilosophie. Wendigkeit und Bestimmtheit. Dokumente, Darmstadt 1967, p. 140f. (our translation).

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94 The RCIT has elaborated its understanding of the revolutionary program in the current period in two documents: *The Revolutionary Communist Manifesto* (2012), <http://www.thecommunists.net/rcitmanifesto/> and the *Manifesto for Revolutionary Liberation. The Tasks of the Liberation Struggle against Decaying Capitalism* (2016), <https://www.thecommunists.net/rcit-program-2016/>. Both programs have been published in seven different languages. We have also published several "Open Letters" which elaborate a tactical platform for revolutionary unity in a given political conjuncture. Our latest document in this respect is the *Six Points for a Platform of Revolutionary Unity Today* (February 2018, <https://www.thecommunists.net/rcit/6-points-for-a-platform-of-revolutionary-unity-today/>). The latter document has been published in 12 languages.

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