

Aggravation of Contradictions, Deepening of Crisis of Leadership

Theses on Recent Major Developments in the World Situation

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Note from the Editor: Below we publish a resolution which was discussed and adopted by the International Executive Committee of the *Revolutionary Communist International Tendency* (RCIT). Since this meeting took place before the imperialist Geneva accord on Syria, this latest development is not reflected in the thesis. For the RCIT's analysis and conclusions of the Geneva accord see here <http://www.thecommunists.net/worldwide/africa-and-middle-east/against-geneva-accord/>

The following document gives an overview of the most important developments in the world situation since the RCIT's IEC adopted the "*The World Situation and the Tasks of the Bolshevik-Communists*" in March 2013. (1)

I. A Maturing of the Nature and Contradictions of the Present Phase of Class Struggle

1. In the RCIT's Document *The World Situation and the Tasks of the Bolshevik-Communists* we outlined the main features of the present conjuncture in the capitalist world economy and politics and gave an overview of the class struggle developments in the different parts of the world. The analysis as well as the conclusions of our theses have stood the test of time and fundamentally remain valid. Here we will only deal with the most important events which have transpired in the last few months, assess them and describe their consequences for the world situation and hence for revolutionary tactics.

2. In our document we analyzed the new historical period which opened in 2008 and outlined its fundamentally revolutionary character. This period is marked by a historic crisis of capitalism which poses the alternative "*Socialism or Barbarism*" and as a result is shaped by sharp political explosions which pose the "*Actuality of the Revolution*" on the agenda. We have identified different phases in this period: the first phase as a "*state of shock*" of all classes and 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). Since then we have seen a

process of disillusionment and growing opposition to these elected bourgeois-democratic governments (in Tunisia, Egypt, Libya) or against the FSA-leadership of the Syrian rebels. The occupations movements in the USA and other countries have largely disappeared.

3. While we do not currently identify a new phase, we can certainly see a further development and maturing of the nature and contradictions of the present phase of class struggle as well as the emergence of new facets. We have stated repeatedly that since late 2010 the Arab Revolution is the most advanced sector of the world revolutionary process. We therefore see here first the dangers of any unfinished revolution which is the backlash of the counter-revolution by the pro-imperialist army command (Egypt) or a full intervention of US imperialism in Syria leading to an occupation and the crushing of the revolutionary civil war against Assad (the latter seems unlikely at the moment). The military coup d'état of July 3 was the most significant setback to the Arab Revolution until now. If the dictatorship of General Al-Sisi can continue to consolidate its power and if there are no new revolutionary developments in the Middle East, a serious danger of a reflux of the revolutionary process will commence manifested by the temporary stabilization of the region under the lash of the imperialist powers and the bourgeois repressive state apparatus.

4. However the counterrevolution in Egypt does not exist in a vacuum. There are important mass struggles of the workers and peasants in the Arab world which constitute countervailing tendencies and which could help to re-stimulate a revolutionary upswing in Egypt. These are in particular the ongoing Revolution in Syria, the mass protests in Tunisia, the looming Third Intifada in Palestine and, on a smaller scale, the ongoing strikes and protest in Libya. A revolutionary overthrow of the Assad dictatorship, a successful mass uprising against the bourgeois-Islamist Ennahda government in Tunisia or the beginning of the Third Intifada in Palestine could have tremendous consequences for the whole region and could eliminate the effects of the counterrevolutionary setback in Egypt.

5. In addition two of the world's most important countries – Brazil (the largest country in Latin America) and Turkey (the second largest country in the Middle East and a key regional power which links Europe and Western Asia) – saw important spontaneous popular uprisings in the summer of 2013. There has also been an important further upswing of the class struggle in Greece as a reaction against the closure of the Hellenic Radio Television (ERT) resulting in its occupation and continued operation under workers control. These are all sure signs that the Arab Revolution is not a regionally-isolated phenomena but rather part of a world revolutionary process. We shall add to this the important mass protests against gang-rape of women in India which have begun in late 2012 and which are still continuing.

6. The aggravation of contradictions between the classes does not express itself only in the numerous mass struggles around the world, but also in the increasing imperialist aggressiveness and the rivalry between the imperialist powers. This is currently most visible in the Syrian crisis and the looming US military strike against the Assad regime. The accelerated militarism and aggressive foreign policy of the new Japanese government of Prime Minister Shinzo Abe is another sign of this tendency. A further reflection of this rivalry is the decision of China, Russia, India, South Africa and Brazil (the so-called BRICS states) to create a \$100 billion fund to defend themselves against currency attacks. In general, these developments demonstrate the rise of the younger imperialist powers (China and Russia) – which have more or less closer links with important countries from the South (Brazil, India, South Africa, etc.) – and the crisis and decline of the old imperialist powers (USA, EU, and

Japan). As a result, the latter – still stronger than China and Russia – are trying to halt their decline by means of an aggressive foreign policy. At the same time the imperialist powers of West and East have a common interest to contain and liquidate the revolutionary struggles of the popular masses which explains their complicity with the Egypt military coup.

7. Related to the crisis of Western imperialism is the huge, havoc wreaking scandal surrounding the US's NSA (and other Western secret services), revealed by the US whistleblower Edward Snowden and the British journalist Glenn Greenwald. This scandal has massive, enduring implications. While Marxists were always aware of the thoroughly reactionary and undemocratic nature of the imperialist state apparatus, the Snowden revelations have demonstrated this truth convincingly to the popular masses around the world. This is an important lesson for the masses in imperialist "democracies."

8. The Snowden affair also revealed the increasing strength and self-confidence of the Eastern imperialist powers, Russia and China, to stand up against the US on an issue which was without doubt an extremely important issue for Washington: they refused to extradite Snowden to the US so that the state machine could silence him forever.

9. The aggravation of the contradictions between the classes and Great Powers, however, also expose the deepening of the crisis of working class leadership. The Stalinists and the ex-Stalinist European Left Party praised the military coup in Egypt. Most centrists denied for a long time the reactionary essence of the coup and many hailed it as "*an advance of the revolution*" or even as the "*Second Egypt Revolution*". Things are not better regarding their position on Syria. Most Stalinists and many centrists side with the Assad dictatorship, or take a neutral position under the pretext that the Revolution has been "*hijacked by jihadists*." Many of those who do not cross class lines and continue to support the revolution, unfortunately combine these correct positions with an opportunist, uncritical support for the pro-Western bourgeois and petty-bourgeois leaderships of the rebels in Syria.

10. This bankruptcy of reformism and centrism once more underlines the urgency of the most important task in the present period – to build revolutionary parties and a World Party of Socialist Revolution (which, in our view, will be the Fifth Workers' International). The sharpening of the social contradictions, and consequently of the class struggle, expose the bankruptcy of rotten theories and programs, and can help serious working class militants examine their concepts. It is the task of the RCIT to spread its analyses and programmatic responses to the key issues of the world class struggle, to seek discussion and collaboration with serious revolutionary organizations and activists, in order to advance the formation of a stronger international Bolshevik organization.

II. World Economy

11. In our document *The World Situation and the Tasks of the Bolshevik-Communists* and in our book *The Great Robbery of the South*, we have outlined the fundamental contradiction of the capitalist world economy (2). We have shown that, because of the over-accumulation of capital and the associated historic tendency of the rate of profit to fall, since 2008 world capitalism has entered a period of decline of the productive forces. We have also shown that the world economy is – after the worst recession since 1929 in 2008-09 – in a phase of sluggish and fragile recovery.

12. This analysis is still valid. It is however useful to point out several developments of the recent past. First the Western imperialist economies could stabilize their fragile recovery to a certain degree. This is reflected in an increase of capital goods orders which rose in the first quarter of 2013 in the US by 21.4%, up from a 13.8% expansion in the fourth quarter of 2012. In Japan, orders rose by 15.5% (Q4 2012) and 31.8% (Q1 2013). In Germany, growth was weaker but still robust (8.3% in Q4 2012 and 3% in Q1 2013), and in the so-called developing countries orders rose by 19% (Q4 2012) and 22% (Q1 2013; see also Graph 1). However the World Bank has recently warned: “*The pace of expansion of capital goods orders might be easing in the US in the second quarter of the year. Similarly capital import orders by developing countries are also showing signs of moderating.*” (3)

13. Similarly we have seen a certain upswing in global industrial production – a central indicator for the production of capitalist value – including in the Western imperialist economies. Global industrial output rose by 3.4% in Q1 2013, by 5.1% in the “developing” countries and by 3.5% in the old imperialist countries. However – as Graphs 2 to 4 demonstrate – this growth has been very uneven. Growth has been strongest in China. However, even there the growth rate of industrial production has decelerated, as it has similarly done in South Asia. Growth has been weak in the other parts of the South. (See Graph 5) There has been a relatively strong growth – compared to the previous quarters – in the USA and Japan (because of financial Keynesian means as we shall see below). The Euro zone saw only weak growth which was nonetheless an improvement to the recession it faced last year.

14. However this limited upswing can not remove the fact that the world economy faces the weakest and slowest recovery from the worst recession since 1929. Even after more than three years of sluggish recovery, industrial production in the old imperialist countries is still below the pre-crisis level. As we show in Table 1, industrial production in the US is still 1.1% below the 2007 level. Capacity utilization was at 77.6% in July 2013 which is not only far below any other previous recovery levels but is even below the recession level of 1990-91! (See Table 2) In imperialist Europe and Japan, industrial production levels are much lower. Capacity utilization in the Euro Area was also at a historic low level of 77% (see Graph 6). For these reasons, the combined output of all imperialist countries is still 6.5% below pre-crisis levels.

15. Industrial output in Eastern Europe and Central Asia is 2% higher than their pre-crisis peaks. Industrial output in Latin America and the Caribbean and Sub-Saharan Africa is more or less at the same level as in 2007. The Middle East and North Africa are far below the pre-crisis level. The only exceptions are the emerging imperialist economy. China, whose industrial output is 67.9% higher than the pre-crisis high and to a certain degree South Asia with increased output of 19.6%. As we have shown in our book *The Great Robbery of the South*, the main reason for China’s economic “miracle” is

that *“the Chinese rulers were capable of what hardly any other capitalist class has achieved: it subjugated its labor force in their majority to super-exploitation.”* (4)

16. The artificial character of the present recovery – i.e., that phase in the cycle after the recession and before a boom phase – is also expressed in its extraordinary length compared with past recoveries. The economists Antonio Fatás and Ilian Mihov have compared the present recovery in the U.S. with all those since 1948. They show that while in past cycles the recovery phase took between 3 and 6 quarters, *“we are already 15 quarters into the recovery and it is likely to take still several quarters for it to end.”* They conclude: *“So we are witnessing a cycle where the speed of recovery is significantly slower than any of the previous cycles.”* (5)

17. While the core of the world economy, and hence of its crisis, remains the old imperialist countries, it is important to note that the South too is increasingly effected from the crisis-tendencies. In Graph 7 we can see that growth is slower in the South than it was before the Great Recession. Graph 8 shows that all southern regions – except East Asia (China!) – were actually or nearly in a recession during the last one and a half years. This underlines that the world economy in its totality is in a historic crisis.

18. The depth of the crisis becomes even clearer if one looks at the causes of this fragile and sluggish recovery. The main reason is the major intervention of the imperialist state apparatus via its central banks and its willingness to massively raise public debt. The central banks of the major Great powers – the USA, Japan, Euro zone – operate the policy of *“Quantitative Easing”* (QE) in order to facilitate dynamic growth in the world economy. This means – as the Marxist economist Michael Roberts splendidly summarizes – that *“central banks buy up government, corporate and mortgage bonds through the expansion of central bank power money (‘printing money’), in order to inject ‘liquidity’ into the economy. The idea is that this extra credit will filter through from the banks and pension funds that the central bank has bought the bonds from into loans to households and businesses. Those loans will lead to more spending in the shops and more investment by businesses.”* (6) Currently, every month the Federal Reserve (US central bank) spends \$85 billion to buy up bonds! In effect, the significance of this is nothing less than state-capitalist financial Keynesianism in which the central banks, i.e. the capitalist state, prints vast amounts of new money in order to: (a) provide cheap credits for the capitalists; (b) keep interest rates low so that the capitalists class which is highly indebted have to pay only minimal interest payments; and (c) boost bond and share prices and thereby raise the profits of the financial capitalists. With its QE policy, the Federal Reserve has boosted the U.S. economy’s monetary base by 40% between 2008 and mid-2013. Japan’s new right-wing government of Shinzo Abe wants to go even further and plans to double the economy’s monetary base by 2014!

19. As we have shown in earlier documents, the imperialist state resorted to massive financial Keynesianism during the recession, and as a result public debt grew dramatically. Nonetheless, necessity dictates that they continue this policy even now, in the period of so-called recovery, and hence the General Government Gross Debt keeps growing in the Euro Area (to 96% of GDP in 2014), USA (to 109.2% in 2014) and Japan (244.6% in 2014; see Table 3). In fact what we have seen in the post-recession phase since 2010 is the emergence of a new financial bubble of debts, bonds, etc. This bubble will burst sooner or later and create an economic catastrophe.

20. While QE and boosting of public debt helped avoid another recession (until now!), it could *not* generate growth in the real economy, i.e., in capitalist value production. According to a study of two

economists from the Federal Reserve Bank of San Francisco, the large-scale asset purchases programs had only very limited impact on growth in 2010 since they “*added about 0.13 percentage point to real GDP growth.*” And a significant proportion was due to psychological effects, i.e., creating hope amongst capitalists for future growth. Without this “*forward guidance,*” as the bourgeois economists dub the desired psychological effects of QE, the Fed program “*would have added only 0.04 percentage point to GDP growth.*” (7)

21. The stagnation of the imperialist economies is also reflected in high unemployment and declining labor-participation rates during the so-called recovery. In Europe, unemployment continued to grow from 10.2% (2011) to 12.2% (2013) in the Euro Area, and from 9.7% (2011) to 11.1% (2013) in the EU. At the same time, the employment rate has declined (see Table 4). In the US and Japan, the unemployment rate has declined slightly but nonetheless remains very high: in the US, it declined only from 9.3% (2009) to 7.5% (Q2 2013) and in Japan from 4.8% (2009) to 3.5% (Q2 2013). Furthermore, these declines have *not* been the result of higher employment, but instead by the more rapid removal of unemployed workers from labor market statistics by the capitalist state apparatus, as the figures of declining employment rates demonstrate (see also Graph 9). Compared with the employment rate in Q1 2007, employment in the US as well as in Japan was still down by 1.6% in Q2 2013. (8)

22. This reflects the policy of the capitalists to reduce the labor force and increase the size of the industrial reserve army with the goal of pressurizing the employed workers so that more surplus value can be squeeze out from them. This is reflected in a further surge of the rate of surplus value, i.e., the share of *unpaid* labor time by the workers –which the capitalists appropriate as increased profits –while the share of paid labor time – which the workers receive as wages – is declining. However, as our overview has shown, this increased exploitation does not lead to any real growth.

23. In *The Great Robbery of the South*, we demonstrated that one of the most important ways to counteract the tendency of the rate of profit to fall is by increasing the super-exploitation of the semi-colonial world by the imperialist monopolies. This is also visible in the present recovery phase of the capitalist world economy. Substantial volumes of money capital are flowing from the South to the North. This is visible from the increase in the negative current account balance from minus \$16.7bn US in 2012 to minus \$74.9bn US in 2013, and which – according to the World Bank – will rise to minus \$126.3bn US in 2015 (see Graph 10). An important indicator of this has been the speculative boom in stock markets in the old imperialist countries, where the Stoxx Europe 600, Standard & Poor’s 500 Index, and Nikkei 225 are up 17.5%, 18.1%, and 44.5%, respectively since June 2012. Once more, this reflects the imperialist order of the world economy, in which capitalist value production shifts more and more to the South, while the old imperialist monopolies retain their hegemony and squeeze vast volumes of value out of the South.

24. Where is the world economy heading? There are strong signs that the recovery could face serious problems and even end in a new sharp recession in the next 2-3 years. As we have previously shown, the imperialist states financed their artificial recovery by inflating money and increasing their debt. This policy cannot continue forever. In fact, leading figures in the US already indicate that their policy of Quantitative Easing will be phased out in the foreseeable future. This has already created nervousness amongst the big capitalists and financial sharks. For the capitalists, an end or even a reduction of QE means that credit will become more expensive because of higher interest rates and that the state is less able to support them. This means that the costs for debt-service will increase, which will in turn make the capitalists once again less willing to invest in production. It also means

that the stock market boom of the last 12 months might end. In short, the current recovery – which has been exceptionally weak and fragile – could already end in the foreseeable future and turn into another deep recession. However it is also possible that the capitalists will manage to delay the end of the recovery for some time (for example by the central banks' continuing QE). In any case, the next recession will most likely be even worse than the last one. This is because the accumulated wealth and strength of capitalism were fundamentally shattered by the last recession and the current recovery has not regained the losses of 2008-09.

25. To summarize, the present recovery is mainly an artificial recovery which does not represent a real growth of capitalist value production but rather of speculative growth of the financial capitalist sector. This sluggish recovery has been bought dearly by the imperialist central banks' massively pumping new printed money thereby incurring increased debt. This recovery has been paid for, on the one hand, by the working class whose wages are declining and who find their jobs increasingly insecure or even liquidated. On the other hand, it has been financed by the oppressed peoples in the semi-colonial countries from which the imperialist monopolies are squeezing more and more extra profits. The artificial nature of this recovery confirms the Marxists understanding of the character of the present historic period as one in which the productive forces are in fact declining. This phony recovery will end sooner or later in another and even more catastrophic recession than the last one in 2008/09. Only a socialist revolution, in which the working class takes over the economy and plans it according to the social needs, can stop this indefinite series of misery and crisis.

III. The Arab Revolution

26. The region of North Africa and Middle East remains the area where the political contradictions between the classes are most pronounced and which, consequently, has been the most advanced sector of the world class struggle since late 2010. The revolutionary process has shattered not only the bourgeoisie in the Arab countries but also the imperialists' interests, since the latter fear losing control over this strategically important region. A sure indicator of the capitalists' nervousness about the revolutionary process in the Arab world is their massive capital flight which led to a substantial decline in foreign direct investment (from \$29.6bn in 2008 to \$15bn in 2013), negative net portfolio equity flows, and declining foreign exchange reserves (see Table 5 and Graph 11).

27. While development of the class struggle is uneven, there have been a number of incomplete democratic revolutions (Tunisia, Egypt, Yemen, and Libya), one suppressed but still-smoldering revolution (Bahrain), and an ongoing revolutionary struggle (Syria). However, these revolutions all took place under petty-bourgeois or bourgeois leaderships and have accordingly been brought to power via parliamentary election. Even in those countries where the masses successfully toppled the dictatorship, they remain *unfinished democratic revolutions*. This means that they are revolutions which – while they secured some democratic rights – did neither abolish the powerful bonapartist repressive state apparatus and its dependency on and super-exploitation by the imperialist powers, nor did they establish full democratic rights, etc. Only if the working class takes power – in alliance with the peasantry and the urban poor – and goes on to expropriate the bourgeoisie and smash the state apparatus and replace it with a new state based on popular councils and militias; in other words, only if it combines the democratic revolution with the tasks of the socialist revolution, only then will it be possible to completely implement the tasks of the democratic revolution. This is the essence of *Trotsky's Theory of Permanent Revolution* and the events in the Arab world have confirmed this vividly.

28. However, revolutionary momentum is not something which can be conserved indefinitely. If a revolutionary party is not formed in time to lead the masses towards seizing power and, therefore, the democratic revolution remains uncompleted for some period of time, the ruling class can reorganize their forces, the masses – misled by their own incompetent leaderships – become confused and demoralized, and sooner or later the counter-revolution will again raise its head. This is the lesson of the tragic events in Egypt.

The Counterrevolution in Egypt

29. If one has to identify *the most important single event of world politics* in the past 6 months it is without doubt the *counterrevolutionary military coup in Egypt*. (These lines are being written before a possible US military intervention in Syria. If the latter occurs, its importance could equal or – if it escalates – even eclipse the events in Egypt.) The Egyptian military coup is considered the most important event, because Egypt is the largest country in the Middle East, it has the largest working class, and it has been – beside Tunisia – the most advanced country of the Arab Revolution.

30. Recent events in Egypt have demonstrated, once again, that the country has undergone a fundamental revolutionary process since January 2011. Egypt has seen a series of mass mobilizations and a massive increase of strikes since the military-imposed government was replaced after the

parliamentary and presidential elections in 2012. The elected bourgeois Islamist government of Morsi and the Muslim Brotherhood was accepted by the powerful army command and the imperialist powers, because they hoped that giving such support would contain the revolutionary process by a government which defended the bourgeoisie's interests but which also enjoyed popular legitimacy.

31. However the Morsi government could neither fulfill the expectations of the masses nor could it implement the ruling class wishes to bring the mass struggles to an end and attack workers' wages and subsidies. When Morsi – under pressure of the IMF – announced consumption tax hikes on 9 December 2012, he withdrew them within hours after popular outcry. His government's budget plan for 2013 did not include any serious attempt to cut subsidies and to reduce the deficit (see Table 6). The government introduced some minor reforms such as opening an investigation panel to probe crimes committed during the January 25th revolution and its aftermath; arresting corrupt billionaires like Ahmed Ezz; and forcing billionaires like the Sawiris family to repay evaded taxes. At the same time, the Muslim Brother's government could not satisfy the needs of the popular masses – including those of their own social base, the lower middle class and the urban and rural poor – because it was not willing to expropriate the capitalist class which it was serving. This led to a growing mass unrest against the government while, at the same time, the ruling class conspired in the preparation of a military coup d'état. No wonder that international capital fled the country, with the result that Egypt's foreign exchange reserves plummeted from \$36bn in late 2010 to \$13.4bn at the end of March 2013. When the mass demonstration on June 30th did not lead to a higher stage of struggle, due to its bourgeois-liberal Tamarod and NSF leadership – who sabotaged the movement and were complicit in the army command's conspiracy – the masses demobilized and general al-Sisi staged the July 3rd July coup. The bourgeoisie initially agreed to accept the Morsi government, because the Muslim Brotherhood was clearly the strongest party in the parliamentary and presidential elections, and they hoped that the Brothers could block any furthering of the revolution. When these expectations did not materialize and the Muslim Brotherhood even lost an important part of its popular support, the ruling class took the initiative for the coup d'état the purpose of which was not simply to block but to entirely smash the revolutionary process.

32. Since the July 3rd coup – which has been fully supported by all imperialist powers because they all want to roll back the Arab Revolution – the counterrevolution is in full swing. Its forces brutally massacred the anti-coup mobilizations led by the Muslim Brotherhood, killing several thousands and arresting many more, including most of the Brotherhood's leadership. These forces have also attacked the striking Suez workers as well as other working class activists. At the same time, the coup has restored the full power of the army and the police (including the notorious “special units”), has released corrupt big capitalists from prison (like steel tycoon Ahmed Ezz), has frozen the investigation panel to probe crimes committed during the January 25th revolution and its aftermath, and has released from prison former dictator Hosni Mubarak. In short, the old guard is back under the pretext of “democracy” and “fight against terrorism.”

33. As is well known, most of the reformist and centrist left initially denied, or even still deny, that the events of July 3 constituted a counter-revolutionary military coup d'état; some have even gone so far to hail these events as a “revolution”. The bloody record of the military junta since July 3 has shown these reformist and centrist leftists to be complete charlatans who have nothing in common with Marxism or with even an elementary program of revolutionary democratism. Those who cannot tell a revolution from a counterrevolution are totally useless for the task of building a revolutionary vanguard party.

34. In contrast to the reformist and centrist traitors, who supported or downplayed the military coup, the RCIT has understood and highlighted the character of the political events as they were unfolding and derived from it the necessary tactics. (9) Initially, we supported the mass movement against the Morsi government, calling for a revolutionary program, without giving any *political* support for the liberals à la ElBaradei and Tamarod. When most on the left cheered the July 3rd military coup, the RCIT fully understood the character of the military-imposed regime as well as the setback it meant for the working class. We immediately declared that the Al-Sisi regime has become the main enemy. We elaborated a revolutionary answer for this new situation in which the working class was on the defensive and for which the revolutionary-democratic demands – including the slogan of the Constitutional Assembly – became particularly important. In this context, we defend the pro-Morsi demonstrations without giving any *political* support to their leadership, and call for a broad united front (including the Islamists) in defense of democratic rights. We also call for the formation of mass action committees to organize the resistance as well as of armed self-defense units. Only by fully supporting the struggle for democratic rights can the workers movement arrive to a position where it can transform the defensive struggle into an offensive for a workers government.

35. How serious is the defeat of the Egypt working class? As we wrote, above, this will depend on the future struggles in Egypt, but even more so internationally. However, without doubt, the coup and its aftermath constitute a very serious counter-revolutionary defeat. This is not so *only* because it brought the old guard and the army back to power, led to the worst massacre on the streets of Egypt for decades, and put an end to many limited democratic rights that resulted from the revolution of January 25. Beyond all these reasons, it is a very serious defeat because it was brought about with the open support of nearly all leadership groups of the workers' movement. Such defeats, which were not opposed militantly, but were even hailed as an "advance," such defeats are the worst! Those who accuse the RCIT of "*pessimism*" and "*lack of trust in the working class*" don't understand the events in Egypt, and are making a mistake similar to that made by the centrist Stalinists in the late 1920s and early 1930s, when they downplayed the significance of various defeats for the working class under the pretext of "revolutionary optimism."

36. Karl Marx once prepared a balance sheet of the defeated revolution of 1848-50 in France. He emphasized that the revolutionary process – marked by misleaderships, lack of experience, etc. – creates a strong counter-revolution. Nevertheless it is via such defeats that the revolutionary party is steeled and becomes politically more mature.

"With the exception of only a few chapters, every important part of the revolutionary annals from 1848 to 1849 bear the heading: Defeat of the revolution! What succumbed in these defeats was not the revolution. It was the pre-revolutionary traditional appendages, results of social relationships which had not yet come to the point of sharp class antagonisms — persons, illusions, conceptions, projects from which the revolutionary party before the February Revolution was not free, from which it could be freed not by the victory of February, but only by a series of defeats. In a word: The revolution made progress, forged ahead, not by its immediate tragicomic achievements but, on the contrary, by the creation of a powerful, united counterrevolution, by the creation of an opponent in combat with whom the party of overthrow ripened into a really revolutionary party." (10)

The Egyptian revolution has suffered a counterrevolution precisely because of the non-completion of the democratic revolution. However, these developments are rich in lessons and experience, and it is the task of Marxists to form on their basis a revolutionary party in the country. Sooner or later the Egypt working class and the poor will regain their strength and start to fight back against the dictatorship.

The Civil War in Syria

37. The revolution in Syria is one of the decisive struggles which will determine the future of the Arab Revolution. The overthrow of Assad by means of the popular revolution – not a coup d'état by parts of the regime – could revitalize the unfinished democratic revolution in the region. This is why the ruling classes of the region, as well as the imperialist powers, are so involved in the civil war: they are compelled to manipulate events so that the outcome will not shatter the entire region.

38. As we have stated many times, the mass uprising against the Assad dictatorship which started in March 2011 is thoroughly just, and deserves the full and unconditional support of the international workers movement. (11) The Assad regime receives substantial support from the Eastern imperialist powers, Russia and China. US imperialism and France and Britain would like to expand their influence at the expense of Russia and China while at the same time containing the revolution.

39. However, the interference and involvement by the imperialists and regional bourgeoisie are not the sole dangers for the Syrian workers and peasants. The revolution also has internal enemies – the different factions of its leadership. The SNC leadership is, to a large degree, willing to become a lackey of Western imperialism. A number of FSA leaders follow a similar line and have proven to be corrupt. The Islamist fundamentalists like Al-Nusra – while less corrupt and anti-Western – try to impose a reactionary regime dictated by their obscure interpretation of the Sharia law. However, the revolution and the war are not being conducted by these various leaderships but by the popular masses. A number of local committees express the revolutionary desire of the masses to live in freedom and justice.

40. The RCIT rejects the views of those who claim that the revolution has been “highjacked” and robbed of any revolutionary dynamic and who – as a result – cease to support it anymore. Yes, there is *an element* of proxy war in Syria, given the strong support of Russia and China for Assad and the – albeit very limited – support for sections of the rebels by the West. However, this element is only a secondary factor, while the popular revolution against the dictatorship is the primary, driving force in the civil war. Revolutionaries have to continue to support the revolution despite its current leadership. The necessary struggle against the rebels petty-bourgeois and bourgeois leaderships must be a struggle *within* the mass movement. It must focus on building independent workers’ and peasant committees and militias which can lead the civil war against the Assad gangsters, but which can also defend the masses against attacks and betrayals by FSA and Al-Nusra leaders. However, as long as revolutionaries are not strong enough to replace these leaderships, the struggle in the ranks of the Syrian Revolution will include blocs and united front actions with these non-proletarian leaderships. We call on the international workers’ and solidarity movements to support the Syrian Revolution with medicine, shelter, weapons, and volunteers. The Syrian rebels – who are so terribly short of modern weapons – have every right to obtain arms from wherever possible.

The Looming Western Imperialist Strike against Syria

41. The recent escalation in Syria and the looming US attack has opened a new dimension in the conflict, one which is important not only for the future of the Syrian but the entire Arab Revolution. As we have explained repeatedly, US, British and French imperialism want to contain the Syrian Revolution while at the same time expand their influence at the expense of their Russian and Chinese

rivals. The Western imperialists would prefer a regime change to come from within the ranks of Assad's state apparatus. The West fears the rebels' coming to power and have already declared Syrian rebel groups to be "terrorists." The August 21st massacre of 1,400 civilians by Assad's troops is currently providing the Western imperialists with a pretext to intervene by means of a limited military strike. These Western imperialists – who have lost their absolute control over the region – hope to regain their influence via military intervention in Syria, after having welcomed the successful counterrevolution in Egypt.

42. However, the events surrounding the looming US war in Syria have brought into the spotlight important changes in world politics. US imperialism – the most powerful and long-time leading Great Power – is so hated and has lost so much in support and prestige that hardly anyone supports their militaristic plans. No Arab regime – even those who secretly support a US intervention – can openly declare support, because the Arab world hates US imperialism. Many of the Syrian rebels oppose US military intervention. Russia and China have become strong enough to stand up to the US. In Britain – Washington's closest ally – popular opposition against a war is so strong that even the parliament, which is dominated by the Tories and Liberals, voted against any participation in the war. Even in the US itself, popular rejection of the war is so strong that Obama had to ask the Congress for approval of his military plans. This is an extraordinary change in the world situation! It reveals the growing gap between the ruling class and its plans and popular consciousness. It reveals how discredited US imperialism and its militaristic adventures have become. Cameron's and Obama's turn to their legislative bodies will also have important implications for future wars, since the precedent set in the case of Syria will undoubtedly influence future popular opinion, convincing citizens that there should be "democratic" debate and a vote on any military actions.

43. Contrary to Obama's initial plans, the entire situation has become an imbroglio for US imperialism. Initially, the Obama administration hoped that it could utilize popular outrage against Assad's chemical weapon attack to justify a limited military strike to "punish" the Syrian regime, and in doing so win influence in the region and popular sympathy for their "humanitarian" little war. Now it turns out that no one likes the war, and the US can hardly find an ally – except, of course, for the French government of the "socialist" Holland, which is supported by the *Front de Gauche* and the French Communist Party! If the US sticks to its military plan, it will become isolated even more – not least because it has already so successfully alienated so many governments and people with the revelations of their NSA surveillance programs! Furthermore, it will be difficult for the Obama administration to declare victory in such a military adventure, since its declared intentions are *not* to overthrow Assad; the latter will certainly proclaim "victory" as long as the US completes its attacks and he is still in power. If the US faces any kind of counter-attack – by Assad troops or by any other forces – in Syria or elsewhere, it will be drawn into a war for which it has no desire. On the other hand, if the US should now refrain from an attack, the whole world will interpret this as an American defeat. Thus, if the US Congress does not approve the war, it will be a major defeat for Obama and for US imperialism as a whole.

44. The RCIT opposes any kind of imperialist intervention in Syria and the Middle East. We call the workers' movement to oppose and obstruct any military intervention of US, British or French imperialism with mass protests, strikes and direct actions. Workers in the West: Stop the transport of all materials relevant to Obama's war efforts! US-Soldiers: Follow the example of the hero Chelsea Manning and reveal the truth about the murderous US military machine! Organize to obstruct by any

means possible such an unjust war! We call for the defeat of the US and their allied forces in a conflict with the Assad forces! If the Western imperialists attack Assad's Syria, we will call for the rebels to fight on two fronts, one against Assad and the other against imperialism. How many forces should be dedicated to each front will depend on who is the more dangerous of the two enemies at any given moment. Russian workers and Iranian workers should oppose and sabotage any military aid for the Assad regime. Similarly, the working class across Lebanon should pressurize Hezbollah to stop its support for Assad. Instead, the international workers' movement must mobilize to rally international solidarity for the Syrian rebels. It must also fight to open the borders for Syrian refugees. We call for an international conference of the workers' movements and organizations of the oppressed to discuss how to support the Arab Revolution and obstruct the imperialist interference. To summarize, the international workers' movements' slogans should be: *Victory for the Syrian Revolution! Stop imperialist attacks! Defeat the Assad Dictatorship! Arm the Revolution! Open the Borders for Syrian Refugees!*

45. The defeat for Cameron's war plans by the British parliament and Obama's forced compliance to have a vote in the US congress also demonstrates that, in specific situations, imperialist plans can be hampered even by the means of bourgeois democracy. While Marxists have no illusions in the "power" – or better, impotence – of bourgeois democracy against the interests of imperialist monopolies and Great Powers, we certainly do not ignore such limited possibilities. While mass actions on the streets and in the workplaces must remain the focus of the class struggle against a military strike in the Western countries, in situations like the current one it is legitimate to raise the *call for a popular referendum about any military actions by the ruling class* in the West. This was the method which the US-American Trotskyists employed when they campaigned in 1939 under the slogan "*Against the War: Let the people vote on war!*" (12) This tactic was based on Trotsky's earlier advice to the US section of the Fourth International to support the campaign of the Democratic Party's Congressman Ludlow for a popular referendum about US entry into a world war. (13)

46. A limited military intervention by the US would not change the character of the civil war in Syria. We will combine the opposition against the US attack with continued support for the Syrian Revolution. Marxists can only give up such a combined dual tactic if the US imperialist intervention changes its character and desires for the occupation of the country. In such a case the Syrian revolution would lose its independent character and become subordinated to the need to defend the country against imperialist aggression. (14)

Tunisia: Mass Protests against the Ennahda Government

47. Similar to Egypt until July 3rd, Tunisia is ruled by a bourgeois government led by the Islamist *Ennahda* – in coalition with the bourgeois secular parties CPR and Ettakatol – which was elected in the parliamentary elections. Here too the elaboration of a new constitution is a major political issue. The government has not been able to meet the needs of the masses for bread, employment and consistent democratic freedoms. This has caused repeated mass demonstrations and strikes against the *Ennahda* government which have escalated after the murder of leading politicians of the petty-bourgeois left-wing Popular Front like Chokri Belaid (in February 2013) and Mohamed Brahmi (in July).

48. In Tunisia, the working class vanguard has sizeable political parties and leads an influential left-wing inside the trade union federation UGTT. However, these same forces follow a petty-bourgeois strategy which mechanically separates the completion of the democratic revolution from of

the question of working class power. As a result, the working class left is looking to create popular fronts with secular bourgeois forces, seeing as it does that the struggle against Islamism is the main issue. However, the Islamist Ennahda still enjoys strong support among sectors of the popular masses, as recent mass demonstrations organized by them have shown. Thus, a central issue remains breaking the working class vanguard away from the Islamist forces. This is only possible with a clear program of consistent democracy, anti-imperialism and working class power, i.e., the program of Permanent Revolution. While the old guard of Ben Ali is weaker than the pro-Mubarak *fulools*, there is a danger of a military coup d'état similar to that in Egypt.

49. The RCIT calls the workers' vanguard to break with any political alliances with petty-bourgeois or bourgeois liberal forces. Working class independence is the first prerequisite to winning over the popular masses. The workers vanguard should play a leading role in the mobilizations against the Ennahda government. It should agitate for the formation of action committees, armed self-defense units to protect its activists, and an indefinite general strike. The goal should be the overthrow of the Ennahda government by a popular insurrection – which is only possible if the masses have been won over for such a program – in order to form a *Workers and Peasant Government*. At the same time the workers vanguard should publicly declare its support for the popular struggle in Egypt against the dictatorship of General Al-Sisi and state in advance that in the event of a military coup in Tunisia against the Ennahda government, it would defend the latter against the putschists (similar to how the Bolsheviks prepared the overthrow of the Kerensky government, but defended it against the right-wing coup d'état attempt by General Kornilov).

Occupied Palestine/Israel: Third Intifada ahead?

50. The Palestinian liberation struggle has been fuelled with new dynamic recently. The main reasons for this is the ongoing Zionist oppression, the inspiring Arab Revolution since 2011 and the victorious defensive war of Gaza against the mighty Israeli army in November 2012. The growing self-confidence of the Palestinian workers, peasants and lower middle-class has been met with new provocations by the re-elected Netanyahu government, like the *Pravver Plan* to expel the Palestinian Bedouins from their lands and the plans to expand the Zionist settlements in the West Bank. Parallel to these provocations, the imperialists have started a new round of so-called "Peace Talks" between the Israeli government and the Palestinian Authority which are merely a charade. In addition, the Netanyahu government is implementing social cuts directed against the Israeli-Jewish working class. Another important attack is the desire of the government to force the ultraorthodox Jews into military service. All this has caused massive protests against the Netanyahu government. While the protests against social cuts seem to have declined, the Palestinians are on war-footing and calls for the *Third Intifada* are spreading. It can also be taken for granted that the ultraorthodox Jews will show a determined resistance.

51. At the same time the Palestinian liberation struggle faces numerous obstacles. It lacks a revolutionary party and the trade unions are weak. Its president Mahmoud Abbas ("Abu Mazen") is a lackey of Western imperialism, and is still in power only because of his continued delaying of the long overdue presidential elections, out of fear of a victory for Hamas. Hamas has been at the forefront of the resistance, but it controls the masses bureaucratically and its leadership desires a compromise with Zionism in order to become the new bourgeois Palestinian government. In addition, the Palestinian

liberation struggle suffered a setback following the reactionary military coup in Egypt. The junta of General Al-Sisi has instituted a total blockade of the Gaza Strip from the Egyptian side, and is attempting to engineer a pro-imperialist coup against Hamas.

52. The RCIT and its section in Occupied Palestine/Israel support the resistance against the Praver Plan, against the settlement plans, as well as against the attacks on the ultraorthodox Jews and the social cuts. We denounce the so-called "Peace Talks" and call for the Palestinian side to leave them immediately. As in the past, we defend Gaza against the Israeli state terrorism and will defend Hamas against a possible military coup by corrupt imperialist lackeys like Mohammed Dahlan. While supporting the struggles against these attacks, we warn workers, peasants and youth to have no illusions with regard to petty-bourgeois and bourgeois secular and Islamist leaderships of the movement. We call for the working class and the oppressed to build popular committees and militias so that the masses can control the struggle themselves. We combine such tactics with the perspective of smashing the Zionist Apartheid state and for a Workers' and Falahin Government leading to a multi-national workers' state supported by the Fallahins from the Jordan River to the Mediterranean Sea.

Ongoing Protests and Instability in Libya

53. Libya is still in the midst of an unfinished democratic revolution. After the overthrow of the Gaddafi dictatorship, a bourgeois pro-imperialist government was elected. However, this government is weak and, until now, has been unable to disarm the tens of thousands of armed workers and peasants. Libya is a particularly insecure country for Western imperialists, as was demonstrated by the assassination of the US ambassador in September 2012 and the attack against the French embassy. The armed popular masses forced the government against its – and the Western imperialists – will to pass the *Political Isolation Law*, which forces anyone who held a position under Gaddafi's rule to resign from public office. Ongoing protests have forced the interior and defense ministers to resign. While the masses have not been able until now to take power, their continued mobilization forced the regime to increase the subsidies for fuel, food, and electricity to 11% of GDP in the budget for 2012 and to further increase them to nearly 14% of GDP in the 2013 budget. Furthermore, wages in the public sector were raised by 30% in 2011, by another 27% in 2012 and a 20% wage increase is budgeted for 2013. (15) The government has been unable to privatize its oil industry and continues in the main to control it. Currently there is an ongoing major strike of dock workers in the ports of Es-Sider and Ras Lanuf, which are also central oil-export terminals.

54. These developments demonstrate the ongoing revolutionary process in Libya –contrary to the nonsensical statements of pro-Gaddafi boneheads who denounced the Libyan Revolution as a reactionary CIA conspiracy. However, as in other countries, the working class is faced with a major crisis of leadership. Its absence poses the danger that sooner or later the government will either succeed in clamping down of the workers movement and the armed popular militias, or that the workers will be misled by Islamist forces or degenerate into criminality.

IV. Spontaneous Popular Uprisings in Brazil and Turkey, Continuing Class Struggle in Greece, Mass Protests against Widespread Rape of Women in India

Spontaneous Popular Uprisings in Brazil

55. There have recently been spontaneous popular uprisings in two key countries of the semi-colonial world – Brazil and Turkey. Triggered by the rise of public transport tickets, hundreds of thousands – with the youth in the forefront – took the streets in Brazil’s cities in mid-June to express their disgust towards corrupt and greedy politicians. This eruption led to the withdrawal of the price rises and various promises of the PT-led government of Dilma Rouseff for reforms and public investments. While the spontaneous movement declined in July, it was followed by two national days of action called by all trade union federations (July 11th and August 30th). These days of action were bureaucratically controlled by the union leadership, but were nevertheless important actions which signal that the class struggle has entered a new phase in the country. The controversial Football World Championship in mid-2014 will likely constitute another provocation for the impoverished masses. All in all, protest has declined but, as it did not suffer a defeat, it will doubtless serve as inspiration for future protests.

56. While the protests were a progressive popular rebellion in which revolutionaries had to participate, they were also marked by important weaknesses. They were not led by working class forces but had a strong middle class component. This again led to a massive Brazilian nationalism and a hostile attitude to the participation of left-wing political parties. In addition the movement lacked any organizational structure and accountable leadership. The RCIT and its fraternal Brazilian group EMS called for the working class to join the protests and take the lead. We called for the formation of action committees and self-defense units against police repression. We called for the workers’ movement to bring the struggle to the workplaces and to organize a general strike. (16)

Spontaneous Popular Uprisings in Turkey

57. Similar to the events in Brazil, a relatively minor incident – the planned closure of the famous Gezi Park in Istanbul – triggered the largest spontaneous popular uprisings in Turkey since the military coup d’état in 1980. The protests continued for weeks and drew the broad popular support – again led by the youth. Here, compared with Brazil, the protests met a more violent reaction from the state apparatus and its bourgeois-Islamist AKP government of Erdogan. In Turkey, protest has also declined but, as it was not defeated, it will have major impacts for future struggles.

58. Contrary to Brazil what was encountered in Brazil, there was no hostility to the left during the protests. Still, there were a number of weaknesses. First, the Kemalist CHP – which is strongly anti-Kurdish and close to the coup-tested reactionary army command – played an important role in the protests. Second, middle class elements, and not the working class, constituted the dominant force. Nevertheless, the relation between the overall movement and the workers’ movement was much closer as was demonstrated by a call for a general strike by the public sector union KESK and the left-wing union federation DISK in solidarity with the protests. Similar to Brazil, the RCIT called for

support of the movement, for the working class to join and lead the struggle, for a general strike, and for the formation of actions committees. (17)

Continuing Class Struggle in Greece

59. The sudden and brutal closure of the Hellenic Radio Television (ERT) in June provoked a new wave of class struggle in Greece. The strike, occupation, and autonomous continuation of programming by journalists on the internet not only showed the determination of the workers but also caused wide-spread popular support. It also led to a governmental crisis with the right-wing reformist DIMAR party leaving the coalition government.

60. Still, the reformist bureaucracy in the trade unions and the left-reformist SYRIZA and the Stalinist KKE continue to control the workers movement and the various one-day general strikes. Because SYRIZA is still in the opposition, it has gained from the mass protests since the elections in mid-2012 where the party had a sensational success and got 26.9% of the votes. Since then it doubled its membership to about 35-40,000 members. At its recent congress in July of this year, the leadership around Tsipras consolidated its grip over the party and moved it programmatically to the right. However, the congress also demonstrated the existence of a left opposition with about 30% of the membership behind it.

61. While, in itself, there is nothing wrong with entry work in a reformist party, it must be done on a revolutionary basis. It must be made clear that Tsipras' role is to block and contain the class struggle and to avoid any future revolutionary development. This means that such a left wing must fight for a revolutionary program, it must denounce clearly and sharply the leadership whenever it betrays the interests of the masses, and it must have a clear notion of splitting the party at some point in the future. Otherwise it becomes a left-wing cover for the bureaucracy – for which the IMT of Alan Woods is a glaring example.

Mass Protests against Widespread Rape of Women in India

62. The death of a young woman which was brutally gang-raped in December 2012 provoked a wave of mass protests in India which continue till now as again and again more incidents of gang-rape become public. These protests have shed light on the systematic and brutal oppression of women in India. As many as 100,000 women are burned to death each year and another 125,000 die from violent injuries that are rarely reported as killings. In addition, girls and women generally receive worse treatment than boys and men in terms of eating solid food, protection of their health, buying them mosquito netting to ward off malaria and dengue, etc. Because of these differences in nutrition and care, a substantially greater number of girls under the age of 4 die of infectious and respiratory diseases in India compared with elsewhere. As a result, India's gender-ratio between the number of males vs. females is one of the most unbalanced in the world, i.e., there are significantly fewer women in Indian society than men (e.g., 113 boys – 100 girls among children under the age of 15).

63. The causes of this disparity are the poverty and the patriarchal backwardness in which the Indian society is trapped due to its domination as a semi-colony of the imperialist powers and monopolies, with the complicity of a corrupt native bourgeoisie and the large landowners. These

ruling forces deliberately conserve and disseminate a deeply reactionary culture which is thoroughly misogynous. Of course, the oppression of women and rape is not confined to India, but exists throughout the world. Those Western liberals who arrogantly denounce “backward India” for its high incidence of rape must be reminded that it was Western colonial power which plundered and oppressed this country for centuries, and that rape is widespread in the West too, albeit often more hidden.

64. The mass protests against the brutal oppression of women are extremely important because they help to mobilize women as a leading force in political life. They offer the possibility that the working class and oppressed movements can unite men and women on a more equal basis – thus making them stronger as a class – and overcome patriarchal prejudices in their own ranks. While the mass protests in Delhi against the gang-rape culture are dominated by middle-class elements, there are also important protests in poorer provinces and villages. A dangerous element is the influential role which the right-wing Hindu-chauvinist BJP – the leading opposition party – plays in some protests.

65. The RCIT considers it an important task of the workers’ vanguard to fight at the forefront of these mass protests against rape. The main focus must be mobilizing and organizing of working class women, as well as urban and rural poor, in action committees. It is similarly important to set up self-defense units of armed women and men to keep the streets secure, since the police are traditionally indifferent to sexual harassment. The broad formation of such action committees can also create the necessary pressure to drive forward a cultural revolution among the entire working class, poor peasants, and urban poor. At the same time, it is necessary to fight against the reactionary influence of the BJP and, wherever possible, to drive them out of the movement. The workers’ vanguard should also fight politically against the influence of bourgeois and petty-bourgeois feminism. Of course, this does not exclude joint united front agreements with them for practical actions. The strategic goal must be to build a revolutionary working class women’s movement as part of the efforts to build a revolutionary workers’ party.

V. The NSA Scandal, Snowden, Manning, and Assange as Symbols of the Imperialist Anti-Democratic Reaction

66. The NSA scandal has revealed to the whole world the deeply reactionary, anti-democratic character of imperialist state machineries in general and of US imperialism in particular. Their attempts to surveil practically the entire world, their readiness to daily break even their own laws, their fanatical determination to hunt down whistleblowers like Edward Snowden and Chelsea Manning, as well as WikiLeaks' leading figure Julian Assange – all these are practical lessons for the masses. They show that – as Lenin puts it – *“Imperialism is, in general, striving towards violence and reaction.”* One must not underestimate the deep and long-lasting effects of these scandals. It has created a political-“moral” crisis of US imperialism and its closest allies since they have been the verbal harbinger of “democracy,” “the rights of the individual,” etc. This was of course always hypocrisy but important sectors of the masses did believe it, at least to a certain degree. These illusions have now been shattered which is, of course, to be welcomed.

67. The Snowden affair has also once more demonstrated the increasing rivalry between the USA and the Eastern imperialist powers, and the rising strength of the latter. Despite massive pressure from the US neither Russia nor China were prepared to extradite Snowden.

68. The NSA scandal also underlines the RCIT's assessment that in the period of capitalism's decline, the imperialist state apparatus becomes more and more authoritarian and bonapartist. This on provokes democratic aspirations of the masses. Lenin's thesis from 1916 is highly relevant today: *“They are even more pronounced, for imperialism does not halt the development of capitalism and the growth of democratic tendencies among the mass of the population. On the contrary, it accentuates the antagonism between their democratic aspirations and the anti-democratic tendency of the trusts.”* (18)

69. The NSA scandal – as well as the Arab Revolution and Counterrevolution or the Occupy movement – all show that the democratic question is of enormous importance in the present period. Marxists must not ignore or denigrate this question but become pioneers in this field, fight for it – as *“the tribune of the people”* as Lenin puts it in *What Has To Be Done* – with class struggle methods and combine it with a socialist perspective. They must be *“consistent democrats”* as the Bolsheviks called themselves. (19) Such a perspective includes the demands for a stop of the witch hunts against Snowden and Assange and the release of Manning. The working class should also fight for the abolition of the numerous secret services as well as the abrogation of the various “anti-terror” laws which only serve the ruling class. It should prepare to defend itself against the increasingly repressive and authoritarian imperialist state apparatus.

VI. Deepening of the Crisis of Leadership

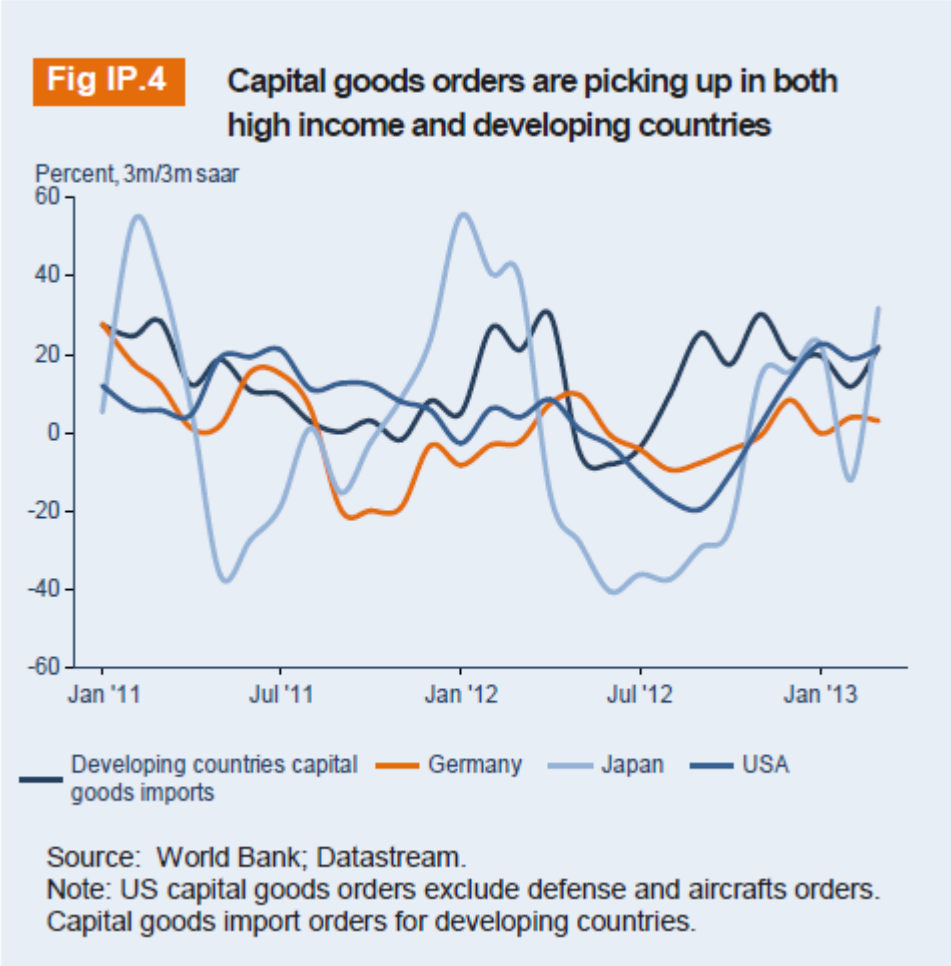
70. The disaster of the Egypt Revolution, the stalemate of the Revolution in Syria, as well as the lack of orientation in the Brazilian and Turkish uprisings underline once more the depth of the crisis of leadership. The masses are led by traitors and charlatans who just utilize the struggles as a starting basis to enter a bourgeois government. The bourgeois-Islamists, the pro-Western liberals, the SYRIZA-type of reformists, the muddle-heads leading Occupy movements – they are all unwilling or incapable of leading the masses forward and helping them to organize independently in action councils.

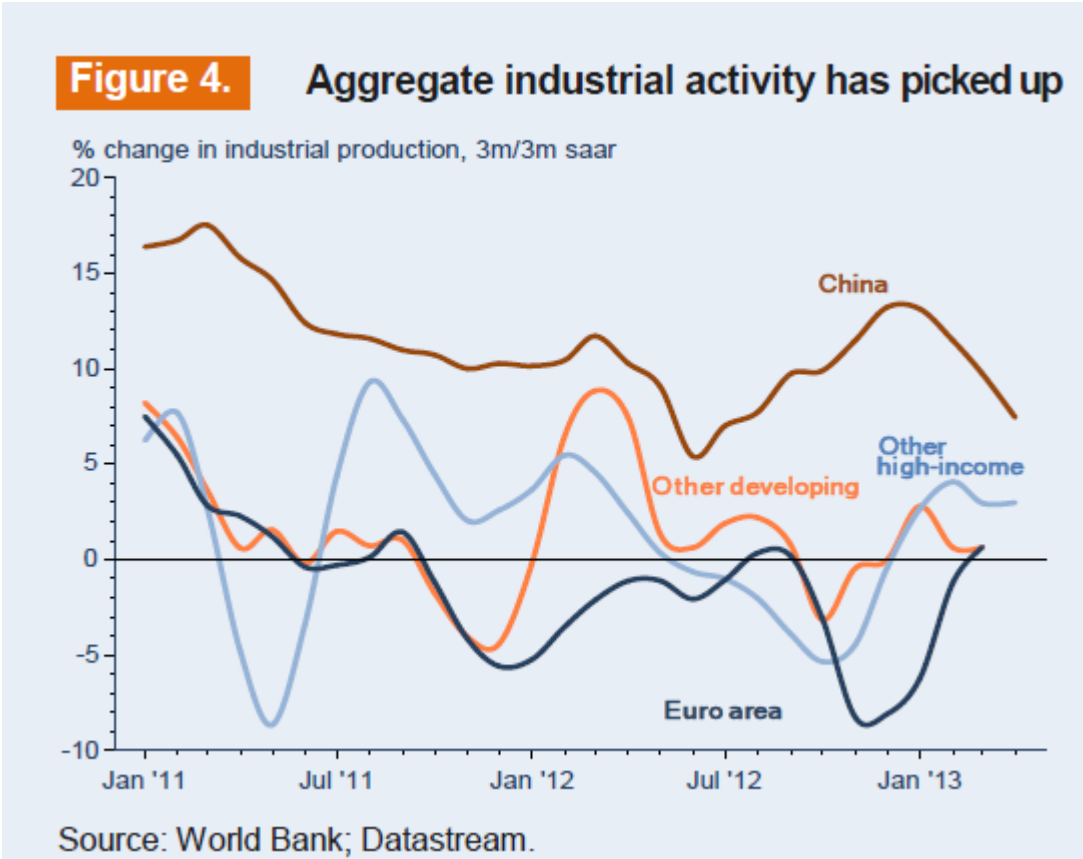
71. The aggravation of the contradictions in the last half year also demonstrated the bankruptcy of most of those who claim to represent an alternative to the existing leaderships of the masses: the centrists. The fact is that Egypt and Syria showed that the vast majority of centrism is completely incapable of understanding the sharp turns in the class struggle and to draw the correct programmatic conclusions from them. These events have shown that there is a vast gulf between Marxism and centrism. When the class struggle escalates, they will often not stand on the same side of the barricade. This is an important lesson particularly for those who entertain illusions that “all socialists” or “all Trotskyists” have much more in common than what divides them and therefore they should unite in a single party. No, a clear understanding of class struggle events, as well as a consistent revolutionary line – these are the prerequisites for any progress in building the revolutionary party. On the other hand, those who are capable of find a correct orientation or to correct past mistakes have the political obligation to take serious steps forward to discuss unity on a clear programmatic basis. This is the approach of the RCIT, and we are willing to discuss and collaborate with all those who share such an outlook.

72. The deep crisis of world capitalism, the intensification of the class struggle, the growing numbers of revolutionary events as well as the rising danger of the counter-revolution – all these highlight the sharp character of the historic revolutionary period which commenced in 2008. It shows that capitalism is not only a bankrupt system but that it is a threat to humanity’s future. Rosa Luxemburg words “*Socialism or Barbarism*” are the actual alternative for humanity. To avoid barbarism, the international working class – uniting the heavy battalions of the South with the non-aristocratic mass of the proletariat in the North – must overthrow the global capitalist system of exploitation and oppression. This requires the formation of a new *World Party of Socialist Revolution* in time. After the failure of the first four revolutionary working class Internationals, this will be the Fifth Workers’ International. The RCIT calls all revolutionaries to join us in the struggle to build such an International in order to open the doors towards a socialist future!

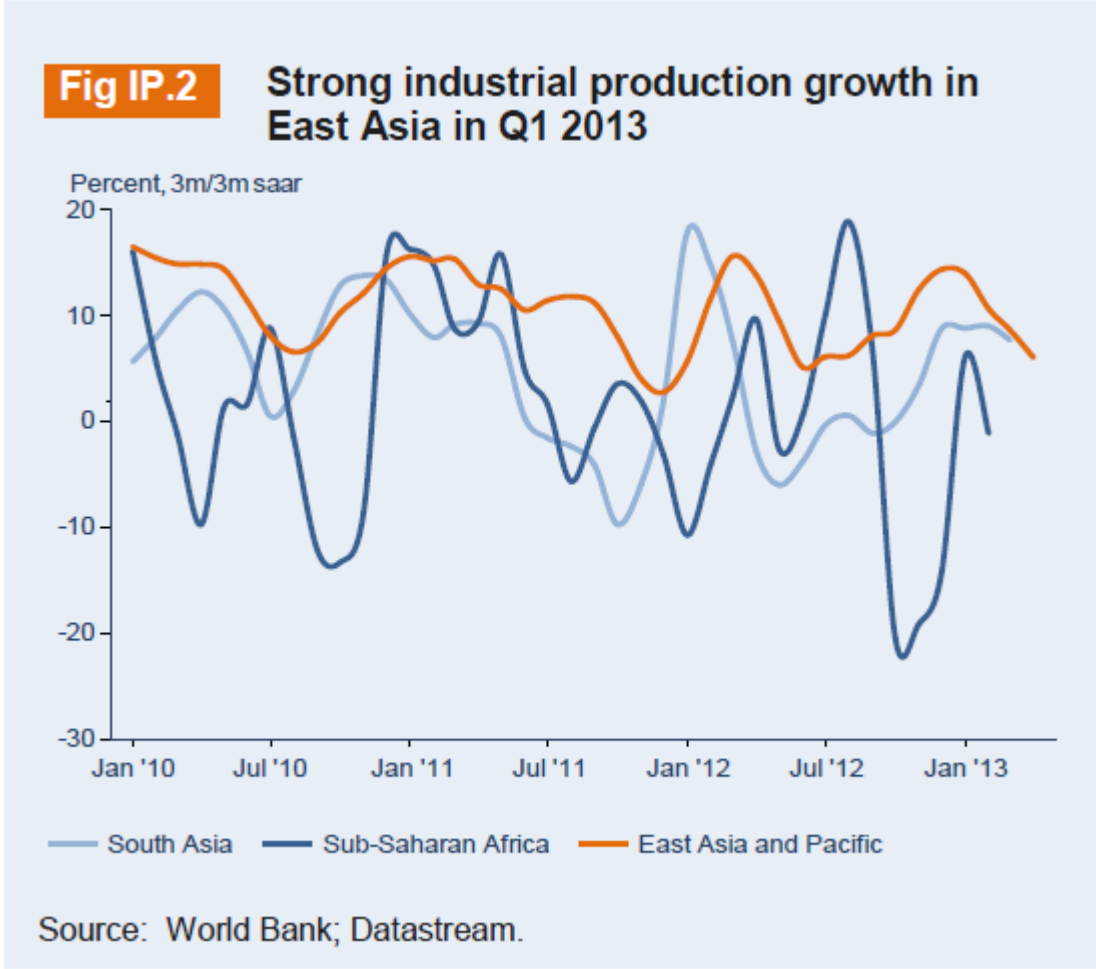
Appendix

Graph 1 Capital Goods Orders are Picking Up in Both High Income and Developing Countries 2011-2013 (20)

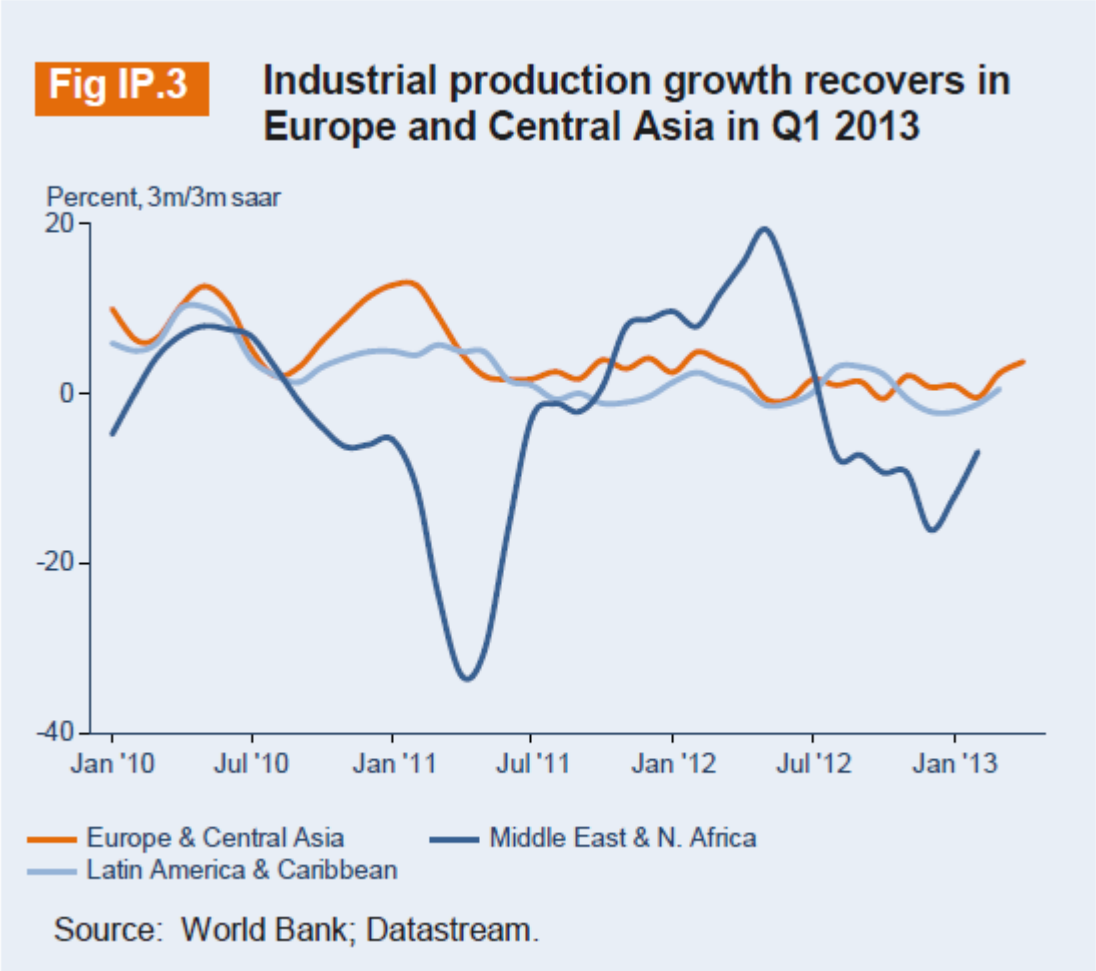




Graph 3 Industrial Production in East Asia, South Asia, and Sub-Saharan Africa, January 2011 - April 2013 (22)



Graph 4 Industrial Production in Europe and Central Asia, Latin America and the Caribbean, and the Middle East and North Africa, January 2011 - April 2013 (23)



Graph 5

Global Industrial Production in the Recovery Phase Till Q1 2013 (24)

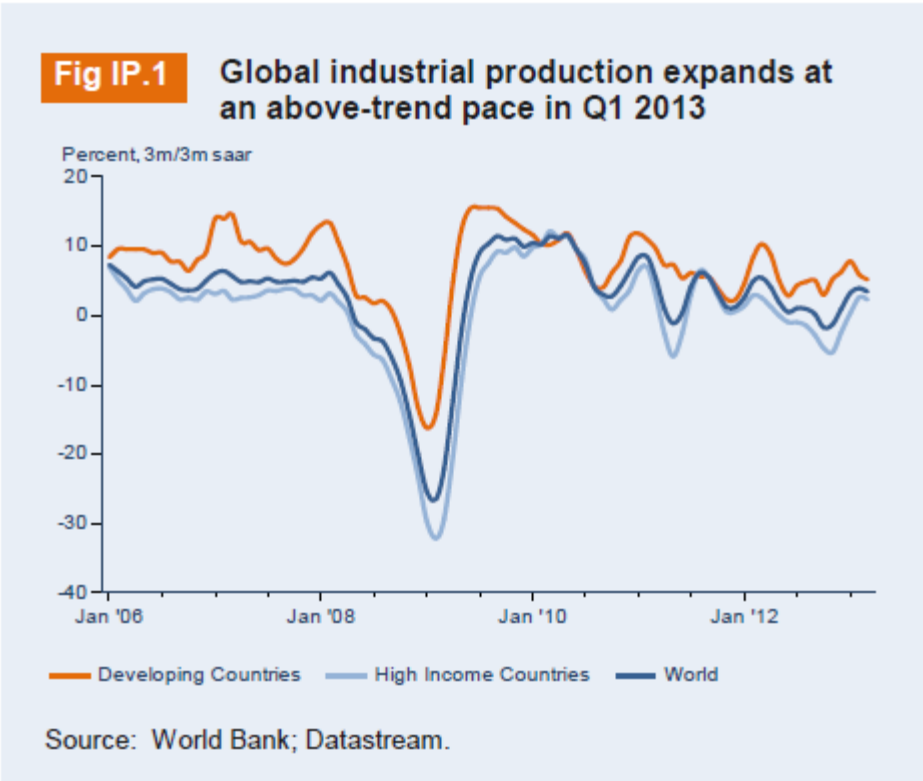


Table 1 Industrial Production in US Industry February – July 2013 (2007=100) (25)

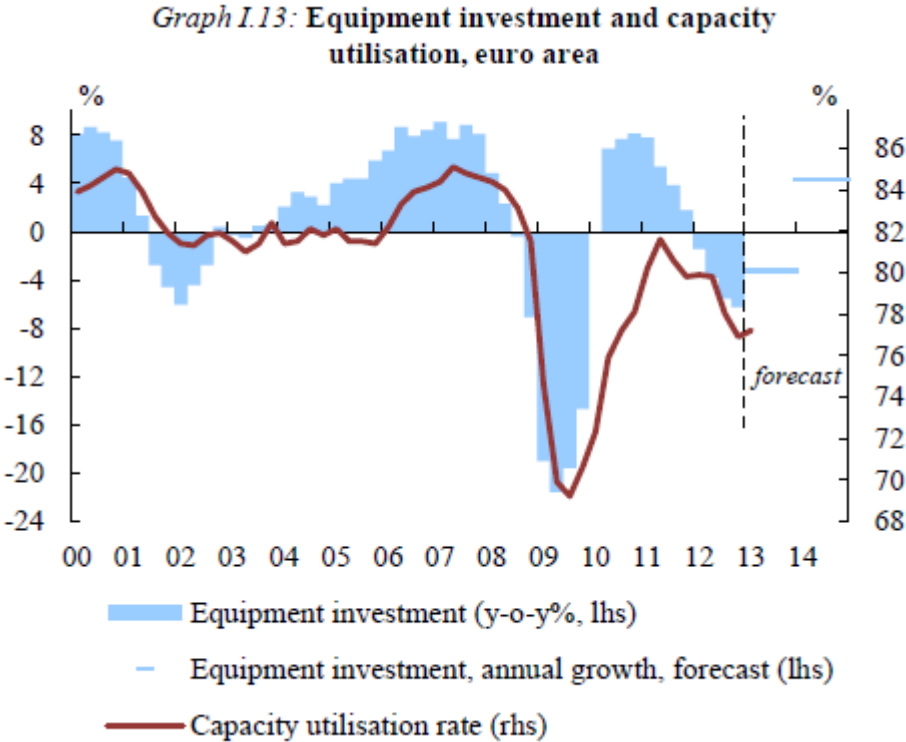
February	March	April	May	June	July
98.8	99.0	98.7	98.7	98.9	98.9

Table 2 Capacity Utilization in US Industry. Average, Boom, and Recession Data in Past Cycles plus Monthly Data for 2013 (Percent of capacity) (26)

Average	1988-89	1990-91	1994-95	2009	2012	2013	2013	2013
1972-2012	high	low	high	low	July	Feb	April	July
80.2	85.2	78.8	85.0	66.9	77.9	78.1	77.8	77.6

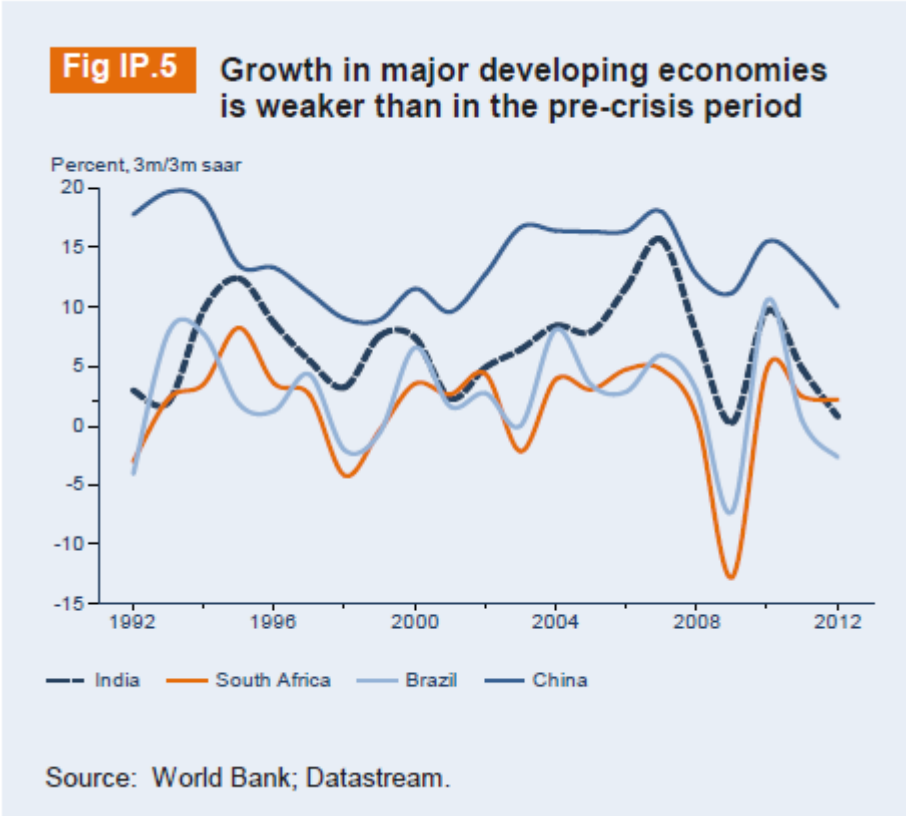
Graph 6

Equipment Investment and Capacity Utilization, Euro Area, 2000-2013 (27)



Graph 7
(26)

Growth in Major Developing Economies is Weaker than in the Pre-Crisis Period



Graph 8
Industrial Production in the “Developing World”, 1st Quarter 2012 – 1st Quarter 2013 (29)

Industrial Production in the “Developing World”, 1st Quarter 2012 – 1st Quarter 2013 (29)

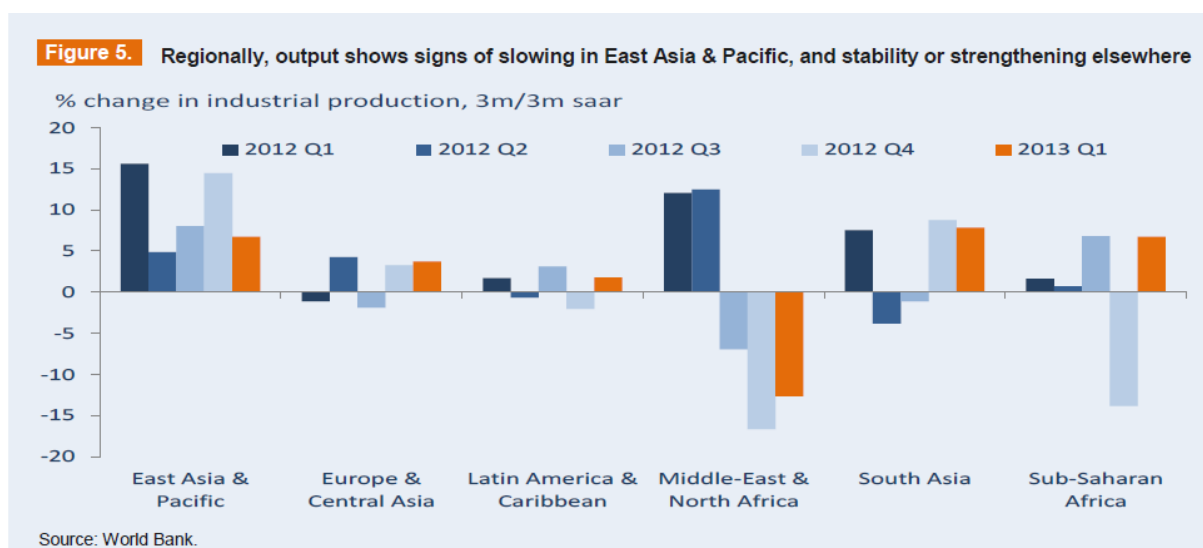


Table 3 General Government Gross Debt, Euro Area, EU, USA, Japan (% of GDP) (30)

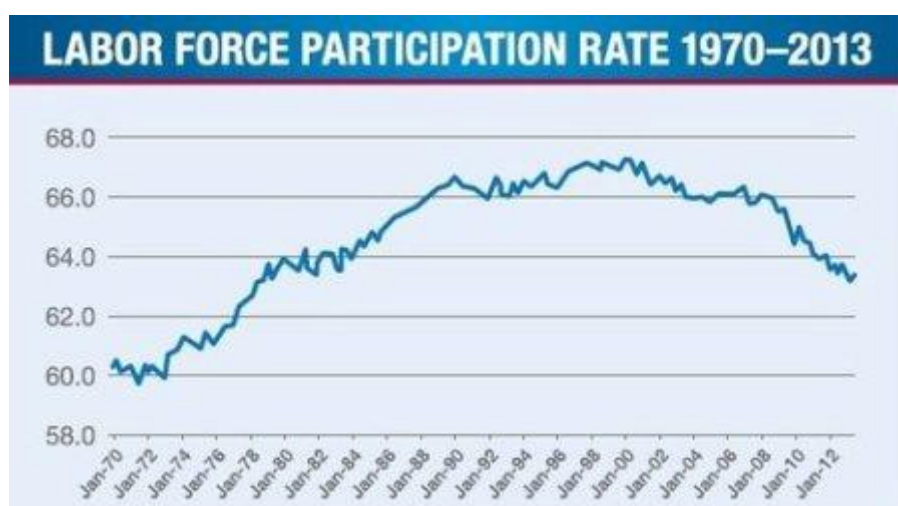
	2011	2012	2013	2014
Euro area	88.0	92.7	95.5	96.0
EU	83.1	86.9	89.8	90.6
USA	102.5	106.5	108.1	109.2
Japan	230.3	237.9	245.4	244.6

Table 4 Unemployment Rate and Employment Rate in Euro Area and EU (% of GDP) (31)

	Euro area				EU			
	2011	2012	2013	2014	2011	2012	2013	2014
Unemployment rate								
(% of labour force)	10.2	11.4	12.2	12.1	9.7	10.5	11.1	11.1
Employment rate	58.6	58.1	57.7	57.8	58.4	58.3	58.0	58.1

Graph 9

Labor Force Participation Rate 1970-2013 in U.S. (32)



Graph 10

Net Financial Flows to Developing Countries (\$ billions) (33)

Table 2. Net financial flows to developing countries (\$ billions)

	2008	2009	2010	2011	2012e	2013f	2014f	2015f
Current account balance	409.4	233.0	173.3	129.6	-16.7	-74.9	-108.2	-126.3
Capital Inflows	812.7	701.0	1,218.8	1,175.0	1,192.4	1,260.9	1,297.4	1,394.8
<i>Private inflows, net</i>	782.3	620.0	1,145.6	1,145.1	1,178.3	1,250.2	1,290.7	1,391.7
Equity Inflows, net	583.4	541.3	710.5	710.4	758.1	791.1	803.5	863.5
Net FDI inflows	637.0	427.1	582.3	701.5	670.0	719.3	715.7	758.2
Net portfolio equity inflows	-53.6	114.2	128.2	8.9	88.1	71.8	87.8	105.3
Private creditors, Net	198.8	78.7	435.1	434.6	420.2	459.1	487.2	528.2
Bonds	-8.6	61.0	129.7	123.8	190.3	187.3	164.4	151.9
Banks	223.3	-11.9	37.2	108.2	82.0	104.7	125.3	146.9
Short-term debt flows	-17.1	17.8	257.6	189.3	141.0	158.5	188.2	221.1
Other private	1.3	11.7	10.7	13.3	7.1	9.2	10.4	9.8
Official inflows, net	30.4	81.0	73.2	30.0	14.1	10.7	6.7	3.1
World Bank	7.2	18.3	22.4	6.6	4.6			
IMF	10.8	26.8	13.8	0.5	-3.9			
Other official	12.4	35.9	36.9	22.8	13.4			
Capital outflows	-321.2	-175.2	-314.1	-284.7	-365.4	-371.3	-416.3	-464.4
FDI outflows	-211.8	-144.3	-213.9	-198.0	-238.0	-275.0	-325.0	-370.0
Portfolio equity outflows	-32.1	-75.9	-50.6	4.3	-12.4	-17.3	-24.3	-29.4
Private debt outflows	-78.3	50.7	-57.3	-81.0	-103.0	-72.0	-61.0	-56.0
Other outflows	1.0	-5.7	7.7	-10.0	-12.0	-7.0	-6.0	-9.0
Net capital flows (inflows + outflows)	491.5	525.8	904.7	890.4	827.1	889.6	881.1	930.4
Net unidentified Flows/a	-82.1	-292.8	-731.3	-760.8	-843.8	-964.5	-989.3	-1,056.7

Source: The World Bank

Note: e = estimate, f = forecast

/a Combination of errors and omissions, unidentified capital inflows to and outflows from developing countries

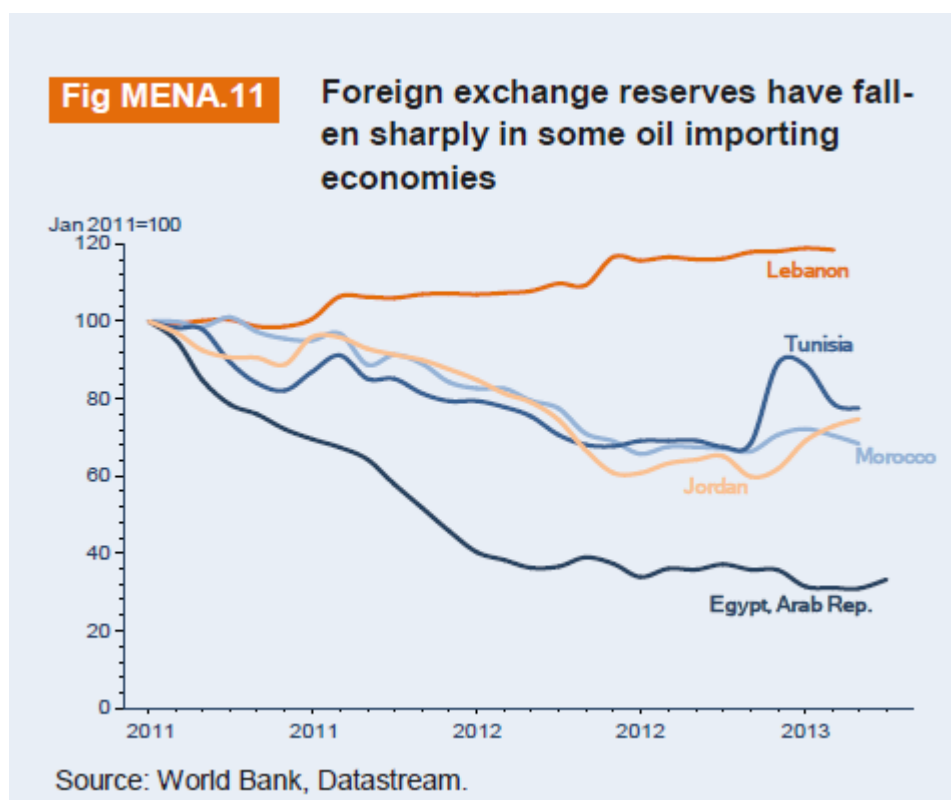
Table 5 Net Capital Flows to Middle East and North Africa (in Billion US-Dollar) (34)

	2008	2009	2010	2011	2012	2013
Net FDI Inflows	29.6	26.3	22.3	15.4	18.9	15.0
Net Portfolio Equity Inflows	0.4	1.2	2.0	-0.2	-1.0	-0.5

Table 6 Morsi's Budget Plan 2013/14 compared to the Predecessor's Budget (in Billion Egypt Pounds) (35)

	2012/13 Plan	2012/13 Turnout	2013/14 Plan
Wages and Salaries	137	143	172
Subsidies, Grants and Social benefits	146	183	206
Interest Payments	134	139	182
Other Expenditure	118	123	133
Total Expenditure	534	587	692
Overall Deficit (% of Domestic Output)	7.6%	10.7%	9.5%

Graph 11 Foreign Exchange Reserves have fallen sharply in some Oil Importing Economies (36)



Footnotes

- (1) See 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, April 2013, pp.33-42, www.thecommunists.net/theory/world-situation-march-2013
- (2) See Michael Pröbsting: *The Great Robbery of the South* (2013), Chapter 3, see also www.great-robbery-of-the-south.net
- (3) Worldbank: *Global Economic Prospects* June 2013, p. 34
- (4) See Michael Pröbsting: *The Great Robbery of the South* (2013), Chapter 10, p. 287
- (5) Antonio Fatás, Ilian Mihov: From recession to normalcy: Recoveries as a third phase of the business cycle, 14 August 2013, <http://www.voxeu.org/article/recoveries-missing-third-phase-business-cycle>
- (6) Michael Roberts: Down in the Jackson Hole, 24.8.2013, <http://thenextrecession.wordpress.com/2013/08/28/down-in-the-jackson-hole/>
- (7) Vasco Cúrdia and Andrea Ferrero: How Stimulatory Are Large-Scale Asset Purchases?, FRBSF ECONOMIC LETTER 2013-22, August 12, 2013, p. 1
- (8) See U.S. Bureau of Labor Statistics: *International Unemployment Rates and Employment Indexes, Seasonally Adjusted, 2009-2013*, August 1, 2013, pp. 3-4
- (9) See the numerous RCIT statements and articles on the Egypt coup since early July:
- * Yossi Schwartz: Israel and the Coup in Egypt, 21.8.2013, www.thecommunists.net/worldwide/africa-and-middle-east/israel-and-egypt-coup
 - * RKOBL-Leaflet: Down with the Military Dictatorship in Egypt! www.thecommunists.net/worldwide/africa-and-middle-east/leaflet-on-egypt
 - * Nina Gunić: Austria: Solidarity Demonstration in Vienna against the military dictatorship in Egypt, 18.8.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-solidarity-demo-in-austria
 - * RCIT: Egypt: International Solidarity against the Army Crackdown!, 14.8.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-international-solidarity
 - * RCIT: Egypt: Appeal for solidarity after steel workers arrested by army, 13.8.2013, <http://www.thecommunists.net/worldwide/africa-and-middle-east/egypt-solidarity-with-steel-workers/>
 - * Michael Pröbsting: The Coup d'État in Egypt and the Bankruptcy of the Left's "Army Socialism". A Balance Sheet of the coup and another Reply to our Critics (LCC, WIVP, SF/LCFI), 8.8.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-and-left-army-socialism
 - * Yossi Schwartz: Egypt: Mobilize Resistance against the reactionary military regime!, 27.7.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-no-to-military-regime
 - * RCIT: Revolution and Counterrevolution in Egypt (Editorial for RevCom#12), 22.7.2013, <http://www.thecommunists.net/publications/editorial-revcom-12>
 - * Michael Pröbsting: The Military's Coup d'État in Egypt: Assessment and Tactics, 17.7.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-meaning-of-coup-d-etat
 - * Yossi Schwartz: Egypt: The U.S. Support for the Military Coup and the Left's ignorance. Notes on the role of US imperialism in the military's coup d'état and the failure of the Egypt left, 11.7.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-us-support-for-military-coup
 - * RCIT: Egypt: Down with the Military Coup d'État! Prepare Mass Resistance! 8.7.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-down-with-military-coup-d-etat
 - * RCIT: Tasks of the Revolution in Egypt, 2.7.2013, www.thecommunists.net/worldwide/africa-and-middle-east/tasks-of-egypt-revolution. All articles except the two latest one have been published in the RCIT's international journal *Revolutionary Communism* No. 12 (July/August 2013).
- (10) Karl Marx: *The Class Struggles in France 1848 to 1850* (1850), Introduction, www.marxists.org/archive/marx/works/1850/class-struggles-france/index.htm
- (11) For further reading on the RCIT's position on the Syrian Revolution and imperialist interference we refer readers to various English-language statements and articles in the RCIT's publication:

- * RCIT: Syria: Against Assad and Against Imperialism – Victory to the Revolution! For International Solidarity with the Popular Revolution against the murderous Assad Dictatorship! But Without and Against any Western Imperialist Military Intervention! 27.8.2013, www.thecommunists.net/worldwide/africa-and-middle-east/syria-against-assad-imperialism
 - * Michael Pröbsting: US Administration: “Rebels fighting the Assad regime wouldn't support American interests if they were to seize power”, 22.8.2013, www.thecommunists.net/worldwide/africa-and-middle-east/us-opposes-syrian-rebels
 - * Yossi Schwartz: Class struggle and religious sectarianism in Syria, 12.6.2013, <http://www.thecommunists.net/worldwide/africa-and-middle-east/class-struggle-and-religious-sectarianism-in-syria/>
 - * Yossi Schwartz: Syria: After the defeat in Qusayr and ahead of the Battle for Aleppo, 11.6.2013, <http://www.thecommunists.net/worldwide/africa-and-middle-east/syria-after-defeat-in-qusayr>
 - * ISL-Leaflet: Victory to the Revolution in Syria! <http://www.thecommunists.net/worldwide/africa-and-middle-east/victory-to-revolution-in-syria>
 - * RCIT: Israel: Hands Off Lebanon and Syria!, 6.5.2013, www.thecommunists.net/worldwide/africa-and-middle-east/israel-hands-off-lebanon-and-syria
 - * Yossi Schwartz: Turkey, Syria and Egypt: No Political Support for Bourgeois Forces Secular or Islamists, April 2013, www.thecommunists.net/worldwide/africa-and-middle-east/isl-disagreement-with-free-haifa
 - * Yossi Schwartz: Victory to the Revolution in Syria! The second anniversary of the uprising in Syria, March 2013, www.thecommunists.net/worldwide/africa/victory-to-syrian-revolution
 - * RKOB: Austria: Demonstration in Solidarity with the Revolution in Syria on 15.3.2013, www.thecommunists.net/worldwide/africa-and-middle-east/austria-report-syria-demo-15-3-2013 with pictures and videos at www.rkob.net/multimedia/video-und-bilder-syriendemo-15-maerz-2013
 - * RCIT: Victory to the Revolution! Down with the dog Assad! All Power to the Workers and Peasants! For the Socialist Revolution in Maghreb and Mashreq! January 2013, www.thecommunists.net/worldwide/syria-solidarity
 - * Michael Pröbsting: The Coup d'État in Egypt and the Bankruptcy of the Left's “Army Socialism”. A Balance Sheet of the coup and another Reply to our Critics (LCC, WIVP, SF/LCFI), Revolutionary Communist International Tendency (RCIT), 8.8.2013, www.thecommunists.net/worldwide/africa-and-middle-east/egypt-and-left-army-socialism.
 - * Michael Pröbsting: Liberation struggles and imperialist interference, www.thecommunists.net/theory/liberation-struggle-and-imperialism
- (12) Socialist Workers Party: Political Resolution (1939); in: The Founding of the Socialist Workers Party, Minutes and Resolutions 1938-39, Monad Press 1982, p. 347
- (13) *“We say: The Ludlow referendum, like other democratic means, can't stop the criminal activities of the sixty families, who are incomparably stronger than all democratic institutions. This does not mean that I renounce democratic institutions, or the fight for the referendum, or the fight to give American citizens of the age of eighteen the right to vote. I would be in favour of our initiating a fight on this; people of eighteen are sufficiently mature to be exploited, and thus to vote. But that's only parenthetical.”* (in: Leon Trotsky: The Transitional Programme for Socialist Revolution, Pathfinder 1977, p. 115). See also Leon Trotsky: The Ludlow Amendment (Letter to James P. Cannon, 1.2.1938); in: Trotsky Writings 1937-38, pp. 158-159.
- (14) See on situation where such combined, dual tactics in wars are correct in Michael Pröbsting: Liberation struggles and imperialist interference; in Revolutionary Communism No. 5, www.thecommunists.net/theory/liberation-struggle-and-imperialism
- (15) See Mohsin Khan and Karim Mezran: The Libyan Economy after the Revolution: Still No Clear Vision; in: IssueBrief, published by the Atlantic Council and the Rafik Hariri Center for the Middle East, August 2013, pp. 5-6; Libya Business News: Public Sector Wages to Jump 20%, 07 September 2013, <http://www.libya-businessnews.com/2013/09/07/public-sector-wages-to-jump-20/>
- (16) See RCIT and EMS: Brazil: Solidarity with the Popular Uprising!, 19.6.2013, www.thecommunists.net/worldwide/latin-america/brazil-solidarity-with-popular-uprising

- (17) RCIT: See 'Long live the Protest on Taksim Square!' – 'Long live International Solidarity!' 'Yaşasın Taksim direnişimiz!' – 'Yaşasın halkların kardeşliği!', 3.6.2013, www.thecommunists.net/worldwide/africa-and-middle-east/turkey-victory-to-protest-on-taksim-square
- (18) V. I. Lenin: A Caricature of Marxism and Imperialist Economism; in: LCW Vol. 23, p. 51
- (19) Lenin summarized – in differentiating Marxism from “*imperialist economism*” which ignores the totality of the political contradictions in capitalism – the Bolsheviks understanding of the relationship of socialism and democracy in the following sentences: “*It fails to appreciate the significance of democracy. For socialism is impossible without democracy because: (1) the proletariat cannot perform the socialist revolution unless it prepares for it by the struggle for democracy; (2) victorious socialism cannot consolidate its victory and bring humanity to the withering away of the state without implementing full democracy.*” (V. I. Lenin: A Caricature of Marxism and Imperialist Economism (1916), in: LCW 23, p. 74)
- (20) Worldbank: Global Economic Prospects June 2013, p. 34
- (21) Worldbank: Global Economic Prospects June 2013, p. 7
- (22) Worldbank: Global Economic Prospects June 2013, p. 34
- (23) Worldbank: Global Economic Prospects June 2013, p. 34
- (24) Worldbank: Global Economic Prospects June 2013, p. 33
- (25) FEDERAL RESERVE Statistical Release: Industrial Production and Capacity Utilization, 15. August 2013, p. 1
- (26) FEDERAL RESERVE Statistical Release: Industrial Production and Capacity Utilization, 15. August 2013, p. 1
- (27) European Commission: Economic Forecast Spring 2013, EUROPEAN ECONOMY 2/2013, p. 23
- (28) Worldbank: Global Economic Prospects June 2013, p. 36
- (29) Worldbank: Global Economic Prospects June 2013, p. 8
- (30) Figures for Euro Area and EU from European Commission: Economic Forecast Spring 2013, EUROPEAN ECONOMY 2/2013, p. 35; figures for USA and Japan from International Monetary Fund: Fiscal Monitor: Fiscal Adjustment in an Uncertain World, April 2013, p. 5
- (31) European Commission: Economic Forecast Spring 2013, EUROPEAN ECONOMY 2/2013, p. 29
- (32) Graph reproduced from Michael Roberts: Down in the Jackson Hole, 24.8.2013, <http://thenextrecession.wordpress.com/2013/08/28/down-in-the-jackson-hole/>
- (33) Worldbank: Global Economic Prospects June 2013, p. 6
- (34) Worldbank: Global Economic Prospects June 2013, p. 173
- (35) Ziad Daoud: Morsi’s deadly economic sin, 10 July 2013, <http://ziaddaoud.blogspot.co.at/2013/07/morsis-deadly-economic-sin.html>
- (36) Worldbank: Global Economic Prospects June 2013, p. 172