

# Perspectives for the Class Struggle in Light of the Deepening Crisis in the Imperialist World Economy and Politics

## Theses on Recent Major Developments in the World Situation and Perspectives Ahead (January 2015)

*Document of the International Executive Committee of the Revolutionary Communist International Tendency, 11 January 2015*

The following document gives an overview of the most important political developments in the world since April 2014 and offers an outlook for the coming year. It expands upon the analyses of the global political situation which the *Revolutionary Communist International Tendency* (RCIT) published in three documents during the past two years.<sup>1</sup>

1. The following issues will have a determining effect on world politics in the coming period:
  - i) The stagnation of the global capitalist economy and the looming next Great Recession in 2015;
  - ii) The aggravation of the inter-imperialist rivalry between the US, EU, and Japan on one hand and Russia and China (with the support of other BRICS) on the other;
  - iii) The new imperialist war drive – led by the US – in the Middle East against Islamists, the corresponding accelerated wave of racist attacks against Muslim migrants in the imperialist world, and the volatile process of the Arab Revolution.

2. To characterize the present world situation in few sentences, we would have to say that the crisis of capitalism is about to deepen qualitatively. Recently, Germany's Foreign Minister Frank-Walter Steinmeier stated in horror in a speech before German capitalists: "*Globalization is in recession!*"<sup>2</sup> This appropriately summarizes the sentiment of the ruling class. Given the looming recession and the escalation of the inter-imperialist rivalry, the stability of the imperialist world order is in danger more than at any time since the end of World War II. As a result, the imperialist bourgeoisie is reacting mainly militaristically with an imperialist war-drive abroad and chauvinism and repression at home. While the masses have revolted against the ruling classes' offensives again and again with waves of resistance and will continue to do so, until now they have suffered repeated defeats. The main reason for this is the glaring lack of revolutionary leadership. This is precisely the reason that the working class and the oppressed are exposed to the mis-leadership of reformists, left-liberals, as well as petty-bourgeois nationalists and Islamists. Hence, the main task is the formation of a revolutionary party, both nationally and internationally. The coming historical phase will witness more social and political explosions and, consequently, revolutionary and counter-revolutionary situations which will create a series of opportunities to overcome the crisis of working class leadership. The RCIT will dedicate its forces to prepare the vanguard sectors programmatically and organizationally for the upcoming struggles so that they can liberate themselves from the reformist chains.

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<sup>1</sup> See 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 (April 2014), in: Revolutionary Communism No. 22, pp. 36-49, <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, pp. 24-40, <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, pp.33-42, [www.thecommunists.net/theory/world-situation-march-2013](http://www.thecommunists.net/theory/world-situation-march-2013)

<sup>2</sup> "Globalisation in recession" – Speech by Foreign Minister Frank-Walter Steinmeier at the Süddeutsche Zeitung Economic Summit 2014, in Berlin on 27 November 2014, 27.11.2014, [http://www.auswaertiges-amt.de/EN/Infoservice/Presse/Reden/2014/141127\\_BM\\_Wirtschaftsgipfel.html](http://www.auswaertiges-amt.de/EN/Infoservice/Presse/Reden/2014/141127_BM_Wirtschaftsgipfel.html)

## I. A Stagnating World Economy Stumbles towards Another Great Recession

3. As the RCIT has pointed out in its past analyses, the capitalist world economy – and in particular its core sectors, the old imperialist countries in North America, Western Europe, and Japan – were never able to recover from the Great Recession of 2008/09. This is reflected in low rates of growth and several smaller recessions of important countries, a decline of business investment, stagnating wages, and growing rates of unemployment.

### Stagnation Instead of Recovery

4. The Euro Zone already faced recession in 2013 when its economy shrank by –0.5% and experienced stagnation this year with a modest growth of only +0.8%. Japan has recently entered its fourth recession in six years. The US economy seems to be doing better: its growth in GDP was 2.2% in both 2013 and 2014 and this rate of growth is predicted to continue for the next two years. Leaving aside the unlikelihood of this prediction (see below), one has to see that the past growth was mainly the result of the exorbitant pumping of new money in the economy (the *Federal Reserve's* so-called “*Quantitative Easing*”). The *European Commission* had to admit in its latest forecast: “*In fact, the recovery from the recession in 2008-09 has been slower than any other recovery in the post-World War II period on both sides of the Atlantic.*”<sup>3</sup>

5. This situation is leading to increasing nervousness by monopoly capitalists and their representatives. The *Washington Post* recently wrote about the Euro Zone: “*With an unemployment rate of 11.5 percent, the euro zone is experiencing conditions that some economists say echo the Great Depression.*”<sup>4</sup> British Prime Minister David Cameron warned that the world is functioning against “*a dangerous backdrop of instability and uncertainty.*”<sup>5</sup> The OECD in its latest Outlook implicitly acknowledges the persistent stagnation (global growth is still “*stuck in low gear*”) and hopes once more for a recovery next year – five years after the official end of the last recession!

6. As always the working class is bearing the brunt of the capitalists’ inability to revive their doomed profit-driven economy. Despite the so-called recovery, unemployment in Europe is higher today than it was during the recession. Officially, things are better in the US where the unemployment rate has fallen from 10% in October 2009 and to a current 6.3%. But this ostensible improvement is largely due to the fact that many workers have resigned and aren’t applying anymore for jobs (at least outside of the grey sector). This becomes evident if one examines the Labor Force Participation Rate, i.e., the share of people who are employed. This figure was 66% before the start of the recession in December 2007, but has fallen since then. In May 2014 it was at 62.8%, i.e., even lower than the rate during the recession. (See figure 1) Even an economist from the conservative *Heritage Foundation* has to admit: “*Unemployment has fallen because fewer Americans are looking for work, not because more Americans are finding jobs.*”<sup>6</sup>

7. But irrespective of the capitalists’ fanatic drive to let the workers pay for the crisis, their

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<sup>3</sup> European Commission: European Economic Forecast Autumn 2014, EUROPEAN ECONOMY 7-2014, p. 8

<sup>4</sup> Lori Montgomery and Griff Witte: Japan recession, Europe stagnation cast pall over global economic outlook, *Washington Post*, Nov. 18 2014

<sup>5</sup> David Cameron: Red lights are flashing on the global economy. The G20 meeting in Brisbane made it clearer than ever to me that we in Britain must stick to our long-term economic plan, *The Guardian*, 17 November 2014, <http://www.theguardian.com/commentisfree/2014/nov/16/red-lights-global-economy-david-cameron>

<sup>6</sup> James Sher: Not Looking for Work: Why Labor Force Participation Has Fallen During the Recovery, *The Heritage Foundation*, Backgrounder No. 2722, September 4, 2014, p. 4

economy is sucked in decay. As a result, the old imperialist economies were in a worse state in 2014 than they had been in 2007, i.e., before the beginning of the Great Recession. This is reflected at various levels. Capitalist production is much lower than the levels prior to 2008. After a brief rebound of +8% in the first year after the recession (2010), industrial production has grown only by 3.5% (2011) and then respectively stagnated during 2012 and 2013 at +0.9% and +0.5%.<sup>7</sup>

8. The capitalist decline is also reflected in the low level of capacity utilization in the manufacturing sector in the largest of the old imperialist powers, the G7 countries.<sup>8</sup> This rate is currently about 66%, reflecting that about 1/3 of productive capacity is not being used by the capitalists because they don't expect sufficiently high profit rates from its utilization. As one can see in figure 2, the current level – at the peak of recovery – is 6–7% below the level of 2007. This is a glaring example of the reactionary and parasitic character of imperialist capitalism in which billions of people simultaneously live in misery, hunger, and poverty! Only the expropriation of the capitalists and a socialist planned economy around the world can ensure that the productive forces are used in the interest of humanity and not a greedy, miniscule minority of super-rich!

### Depressed Capital Accumulation

9. Production is stagnating because capital accumulation is decelerating. In other words, the capitalists invest less and less because they have low profit expectations. According to a recently published study, in the first three quarters of 2013, investment by non-financial G7 corporations amounted to 11.4% of GDP, compared with 12.7% in 2008. This means that business investment (i.e., investment in machinery, equipment, means of transport, and building structures) in 2013 – a year of so-called recovery – was weaker than during the recession year of 2008!<sup>9</sup> As we have already pointed out in past publications, this reflects a long-term trend of declining capital accumulation.<sup>10</sup> This is particularly obvious if we examine the decline of net investment (i.e., the investment for expanding the purchase of machinery, while gross investment also includes the investment for replacing worn machinery). As we can see in figure 3 both gross and net investment – calculated as a share of GDP – have declined tremendously in the past 25 years in the G7 economies, and net investment has been oscillating between 0% and 1% since 2008!

10. The Chinese economy is not in recession and – compared with the old imperialist states – has experienced rapid growth. However, even China's rate of growth has decelerated and is expected to continue to do so (2013: 7.7%, 2014: 7.3%, 2015: 7.1%, and 2016: 6.9%).<sup>11</sup> China's rapid capitalist growth during the last quarter of a century in light of the stagnation of the old imperialist countries is an important material basis which helped it become transformed into an emerging imperialist country

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<sup>7</sup> World Bank: Global Economic Prospects, June 2014, p. 120

<sup>8</sup> The G7 are USA, Japan, Germany, UK, France, Canada and Italy.

<sup>9</sup> Kristina Morkunaite and Felix Huefner: Business Investment in the G7: Coming out of the Doldrums? May 1, 2014, Institute of International Finance, p. 2

<sup>10</sup> See e.g. Michael Pröbsting: Imperialism, Globalization and the Decline of Capitalism, Originally published in the Book Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), <http://www.thecommunists.net/theory/imperialism-and-globalization/>

Michael Pröbsting: *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital Consequences for the Marxist Theory of Imperialism*, 2013, <http://www.great-robbery-of-the-south.net/>; A summary of the book can be read here: <http://www.thecommunists.net/theory/great-robbery-summary/>

<sup>11</sup> GDP Growth figures for China and other countries are taken from the latest OECD prognosis published in November 2014.

instead of being a semi-colony dependent on the US, EU, and Japan. <sup>12</sup>

11. While India has seen growth in the last years (2013: +4.7%, 2014: +5.4%), other BRICS countries experienced stagnation in 2014; for example Russia rate of growth was +0.7% and Brazil's was +0.3%. Russia, in fact, has just entered a recession due to its business cycle compounded by Western sanctions. <sup>13</sup>

### **The "Unsustainable Debt-driven Growth Model"**

12. In fact, the greatest achievement of the economic policy of the imperialist ruling classes during the past six years has been their ability to avoid a complete breakdown. How was this achieved? Basically, by a massive accumulation of debt. As one can observe in the latest data, reproduced in tables 1 and 2 as well as in figures 4, 5, and 6, total debt – i.e., the accumulated debt of households, corporations, and governments – has increased substantially in nearly all imperialist and advanced semi-colonial countries around the world (the only exception is India). Despite all proclamations about cutting debt, all the larger economies are more indebted today than they were before the last recession, as well as before 2000. Total debt (excluding the financial sector) of the US is at 252% of GDP in 2014 (23% higher than in 2007); at 398% of GDP in Japan (70% higher); at 272% in the Euro Area (43% higher); and at 274% in UK (36% higher).

13. However, it is not only the old imperialist states but also the so-called emerging economies – i.e., China, the BRICS and other countries from the South – which have substantially increased their indebtedness. Naturally, not all have increased their debt to the same degree and some countries have

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<sup>12</sup> For our analysis of China as an emerging imperialist country we refer readers to:

Michael Pröbsting: The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital Consequences for the Marxist Theory of Imperialism, 2013, Chapter 10, <http://www.great-robbery-of-the-south.net/>

Michael Pröbsting: China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power, in: *Revolutionary Communism* (English-language Journal of the RCIT) No. 4, <http://www.thecommunists.net/publications/revcom-number-4>

Michael Pröbsting: No to chauvinist war-mongering by Japanese and Chinese imperialism! Chinese and Japanese workers: Your main enemy is at home! Stop the conflict on the Senkaku/Diaoyu-islands in the East China Sea! 23.9.2012, in: *Revolutionary Communism* No. 6, <http://www.thecommunists.net/worldwide/asia/no-war-between-china-and-japan/>

Michael Pröbsting: Russia and China as Great Imperialist Powers. A Summary of the RCIT's Analysis, 28 March 2014, in: *Revolutionary Communism* No. 22, <http://www.thecommunists.net/theory/imperialist-china-and-russia/>

Michael Pröbsting: More on Russia and China as Great Imperialist Powers. A Reply to Chris Slee (Socialist Alliance, Australia) and Walter Daum (LRP, USA), 11 April 2014, in: *Revolutionary Communism* No. 22, <http://www.thecommunists.net/theory/reply-to-slee-on-russia-china/>

<sup>13</sup> For our analysis of Russia as an emerging imperialist country 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. Another Reply to Our Critics Who Deny Russia's Imperialist Character, in: *Revolutionary Communism* No. 25, 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, in: *Revolutionary Communism* No. 21, <http://www.thecommunists.net/theory/imperialist-russia/>

Michael Pröbsting: The Uprising in East Ukraine and Russian Imperialism. An Analysis of Recent Developments in the Ukrainian Civil War and their Consequences for Revolutionary Tactics, 22. October 2014, in: *Revolutionary Communism* No. 28, <http://www.thecommunists.net/theory/ukraine-and-russian-imperialism/>

For a discussion comparing China, Russia and semi-colonial countries like Brazil, we refer readers to our document: Michael Pröbsting: The China Question and the Marxist Theory of Imperialism. Again on China as an imperialist Power. Reply to a Polemic from CSR (Venezuela) and PCO (Argentina), December 2014 (soon to be published on the RCIT website)

done so only slightly. But the general tendency is crystal clear. In China total debt is already at 229% of the GDP (76% higher than in 2007) and in Hong Kong, which of course is part of China but which is calculated separately in bourgeois statistics, the numbers are even bigger 292% (105% higher). In its latest report, the OECD commented: *“Debt levels remain high by historical standards. Household and government debt levels are high in many advanced economies, despite post-crisis private-sector deleveraging in the United States. In many emerging economies, debt levels have increased rapidly since the crisis, fuelled by capital inflows. In China, there has been a significant build-up in credit, with still-rapid growth in lending by non-bank entities to the nonfinancial private sector.”*<sup>14</sup>

14. In other words, the limited growth, or the avoidance of total collapse, of the past few years has been bought by increasing debt and hence increasing the future burden. As is well-known, the last recession of 2008/09 was triggered by massive speculation and the huge debts. However, as we have demonstrated, the level of debt since that recession has not been reduced but rather has increased! A collapse during the last few years has been avoided only at the cost of an even worse crash yet to come.

15. The more astute representatives among the ruling class are aware that this policy of buying time by accumulating debts is unsustainable and doomed to eventually explode. Even the Deputy General Manager of the *Bank for International Settlements* – the “central bank of the central banks” – characterizes the functioning of the world economy as a *“debt-driven growth model”* and calls it an *“unsustainable growth model”*<sup>15</sup>

### **The Tendency of the Rate of Profit to Fall – The Fundamental Cause of the Crisis**

16. What is the fundamental cause behind depressed capital accumulation and the consequent crisis-ridden business cycle? As several Marxist economists have repeatedly pointed out, and as we too have described in a number of our RCIT publications, the fundamental cause for the stagnation and decay of the capitalist world economy is the tendency of the rate of profit to fall. Basically, 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 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 as we have witnessed since the early 1970s, and in particular since the beginning of the historic period of the capitalist crisis of 2008. In figure 7, we show the declining rate of capital accumulation in the US economy starting in mid-1970s. In figure 8, we can observe that the dynamic of the rate of accumulation is closely related to the dynamic of falling profits.

17. This means, first, that the long-term decline of the rate of profit has led to a similar trend in capital accumulation. Second, it means that the development of the rate of profit in the business cycle, i.e., the ups and downs of the economy, usually during of periods of 7-10 years, precedes the corresponding dynamic of capital accumulation. Or, in other words, a decline in the rate of profit is usually a harbinger of an upcoming decline of capital accumulation and, hence, a new recession.

18. Instead of reinvesting profits in production, unattractive as it is because of the decreasing rate of profit, capitalists use their surplus value to speculate and to pay shareholders' dividends, thereby keeping the value of their stock high. Given low interest rates, capitalists can easily enough borrow

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<sup>14</sup> OECD: Economic Outlook, Advance G-20 Release, 6.11.2014, pp. 7-8

<sup>15</sup> Hervé Hannoun: Central banks and the global debt overhang, Speech at the 50th SEACEN Governors' Conference, Port Moresby, 20 November 2014



cheap money to achieve these financial goals. Even bourgeois economists have recognized this development: *“The recent weakness in G7 investment is particularly surprising given ultra-easy monetary policy conditions, with interest rates across the major currency areas standing at historical lows. As a result, borrowing costs – as measured by bank retail lending rates and corporate bond yields – have declined markedly. At the same time, corporations’ external borrowing needs have declined as internal funds have grown in the years after the Crisis. Operating corporate cash flow, or saving, rose in most G7 countries, notably in the US, Japan and Germany. For example, the saving rate of US non-financial corporations surged to 21% of gross value added, compared to the pre-Crisis level of around 16%. While G7 corporate saving has declined more recently, this to some extent reflects dividend payouts and share buybacks. Even so, net lending as a share of GDP remains positive, as during the period 2002–2005, which was also characterised by low investment spending and high cash accumulation.”*<sup>16</sup>

19. This underlines once more the unproductive, indeed parasitic nature, of capitalism. *“While companies have taken advantage of the low interest rate environment by issuing bonds, the proceeds were mainly used for share buybacks (and not capital expenditure), which has contributed to the recent stock market rally. In turn, investors have been lured to the stock market by strong capital gains and also increased dividend payouts, at a time when returns on other assets such as bond yields are very low.”*<sup>17</sup>

## 2015 – The Next Great Recession?

20. As we have already stated, the European and the Japanese economies are already in dire straits. So is Russia. China’s situation is better, but its decreasing rate of growth and its increasing debt, combined with the general backward nature of the overall economy (reflected in a low level of productivity), are an indication that the great eastern power is not strong enough to pull the world economy out of its crisis. The US seems to be in a more robust state. But the Marxist economist, Michael Roberts, has pointed out that the US corporate profits are already declining: *“But corporate profits as a whole have virtually stopped rising, up only 0.4% year-on-year in Q3’2014, while after-tax profits are contracting and have been throughout the year.”*<sup>18</sup> As a result he predicts that in 2015 or so, the world’s biggest economy – which constitutes the last hope to extract the world economy from the crisis – will probably enter yet another Great Recession: *“In the graph below, I have lagged investment growth (blue line) by one year against profit growth (red line). It shows that when profits turn down and eventually go negative, one year later or so, business investment collapses and when profits expand, investment follows within a year. Currently with profits not growing, investment will follow by mid-2015, this suggests. And with investment closely correlated with GDP growth, the risk of recession in one year or so looks high. The world economy would then be in reverse gear.”*<sup>19</sup> (See for this also figure 9)

21. The OECD predicts a recovery for 2015, but only under one condition: that the imperialist states undertake massive *“growth-supportive measures”*, i.e., state-capitalist intervention in the economy by increasing public debt.<sup>20</sup> However, this is hardly possible and, in particular, not in the sense of

<sup>16</sup> Kristina Morkunaite, Felix Huefner: Causes of the G7 fixed investment doldrums, 27 November 2014, <http://www.voxeu.org/article/causes-g7-fixed-investment-doldrums>

<sup>17</sup> Kristina Morkunaite and Felix Huefner: Business Investment in the G7: Coming out of the Doldrums? May 1, 2014, Institute of International Finance, p. 3

<sup>18</sup> Michael Roberts: US GDP up but...profits down, 25.11.2014, <http://thenextrecession.wordpress.com/2014/11/25/us-gdp-up-but-profits-down/>

<sup>19</sup> Michael Roberts: The world economy in low gear, 8.11.2014, <http://thenextrecession.wordpress.com/2014/11/08/the-world-economy-in-low-gear/>

<sup>20</sup> *“The global economy remains stuck in low gear, but is expected to accelerate gradually if (!) countries implement growth-supportive policies.”* In: OECD: Comprehensive Action Needed to Shift the Global Economy into Higher Gear, Says

revitalizing the economy via public investments. In fact, we have witnessed in the past years and decades a declining dynamic of public investment in the old imperialist countries (see in figure 10).

22. All in all, there are strong indications that 2015 will not “finally” see a recovery but rather another recession. We believe that this recession will be even worse and deeper than the one of 2008/09, which was already the worst recession since 1929. Why? Basically, capitalists did not use the last recession and the “recovery” years since then to solve any of their fundamental problems, indicated as it is by the high level of indebtedness, the low level of capital accumulation, and the declining rate of profit. To overcome these fundamental contradictions, capitalists have to destroy superfluous capital and smash the gains of the working class (manifested as lower wages) to such a degree that sustainable production with higher profit rates will once again be possible. As we have stated in several previous documents, given the degree of rottenness and parasitism of capitalism, with its historically high over-accumulation of capital, such measures are not possible with austerity packages and neoliberal policies alone. Rather, they are only possible under fascist-like dictatorships and by the waging of wars between the rivaling imperialist powers. One need not look far to discover the reason why the ruling classes hesitate to enter such a road, since it could also include their own nemesis. In addition, the working class and oppressed will wage a Herculean struggle to stop such a descent into Armageddon.

23. Capitalists have not come nearer solving these fundamental contradictions of their system. Worse, today they have even fewer reserves than in 2008: the high level of indebtedness makes it more difficult for them to react with state-capitalist counter-cyclical measures. It also forces them to attack the working class even more harshly than the last time around. In addition, China’s increasing difficulties exclude the possibility that she will be able to bail-out of the world economy.

### **Consequences of the Next Recession for the Class Struggle**

24. What will be the consequences of the next recession for the class struggle? We think that, viewing the issue from the present situation, we can identify at least two major consequences.

i) The next recession of 2015 or so will result in sharper attacks on the working class. For their part, the workers will be more politically astute, their past experience making them understand the character of the crisis. By contrast, in the recession of 2008/09, there was an initial phase of shock in most countries because people – including large sectors of the bourgeoisie – couldn’t believe that such a dramatic recession could be taking place.

ii) During the last recession, the financial crisis most immediately affected the banks. This time, however, the governments and states will be more affected. This is because the 2008/09 state-capitalist interventions and bail-outs of the banks substantially increased the public debts of the capitalist states. In weaker capitalist states in the semi-colonial world, including countries like Greece or even weaker imperialist states like Spain or Italy, the state may be faced with the danger of sovereign default, i.e., being unable to meet the deadlines for interest payments and therefore being forced to declare national bankruptcy.

25. For revolutionary working class strategy, this means that the next Great Recession will have an immediate and direct political dynamic which will provoke sharp political class struggles. Developments will affect not only individual sectors of the working class but the proletariat as a whole. From this follows the importance for the working class to respond with tactics of general defense. Hence the tactic of the general strike will become increasingly important.

26. Furthermore, the danger of national bankruptcy dramatically undermines the power and political legitimacy of the ruling class and their governments. Hence, the next recession could realistically witness the outbreak of revolutionary situations in semi-colonial countries and even in some imperialist states. For this reason, the development of a revolutionary program for seizing power will be of primary importance – as an alternative to the predictable maneuvering of the rotten left-reformists who will do everything in their power to save the capitalist system. Most importantly, revolutionaries will have to combine such a program with the practical organization of the vanguard sectors of the working class and the oppressed as a combat party that will struggle for the overthrow of capitalism.



## II. Escalation of the Inter-Imperialist Rivalry

27. In the RCIT's last document on the world situation (issued in April 2014), we stated that the escalation of tensions between the old imperialist powers (the US, the EU, and Japan) and the new eastern imperialist powers (China and Russia) has opened a new political phase: *"In the spring of 2014, world politics entered a new phase. Its most important feature is the exacerbation of the inter-imperialist rivalry between and the US and EU on one hand and Russia (with the tacit support of China) on the other hand centered on the crisis in the Ukraine. While an armed confrontation between the two camps is unlikely in the near future, it is obvious that a new Cold War has started on the centennial of the start of World War I in 1914."*<sup>21</sup>

28. This assessment has been completely vindicated by the events of the past eight months and will clearly continue to play a major role in world politics in 2015, and even more so with the onset of the next Great Recession. In such a situation, each of the imperialist powers will try to save as many areas of political and economic exploitation for themselves as possible, at the cost of their rivals. At the same time, the ruling classes of each of these states will exacerbate chauvinism and militarism at home *"against the dangerous enemies of our nation"* in order to distract the attention of their citizens away from the catastrophic consequences of the recession.

### The Civil War in the Ukraine

29. In particular, the new Cold War has escalated in the form of civil war in the Ukraine in which the Kiev regime and the Donbass republics fight each other as the respective proxies of the Western of the Russia imperialists. The struggle for the control of the Ukraine has also led to an escalation of Western sanctions against Russia, and of counter-sanctions of the latter against the US and EU. The crisis of the ruble – caused by the Western sanctions – is only the latest but doubtless not the last climax of the new Cold War.

30. As the RCIT has elaborated in various statements and in a longer study, the civil war in the Ukraine started as a legitimate popular uprising in the east of the country after the reactionary Maidan movement took power in late February 2014. As a result, separatists took control over parts of the Donetsk and Lugansk districts and created the Donbass republics later called *"Novorossiya."* However, with the help of the Greater Russia chauvinist leadership of these republics, Russia finally took over control and consolidated its grip via military intervention in the summer of 2014. Since then, socialists could no longer give critical support to the Donbass republics, but instead had to take a defeatist position opposing the reactionary leaderships in both Kiev as well as Donbass, being respective proxies of US/EU and Russian imperialism.<sup>22</sup>

### Imperialist China and Russia Consolidate the BRICS Bloc

31. For Marxists, it is important to closely examine the formation of the bloc of Chinese and Russian imperialism, as these are the new great powers which challenge the old and long-time hegemonic imperialism of the US, EU, and Japan. In fact, the new Cold War has accelerated the cooperation between Russia and China and consolidated their BRICS bloc. This eastern bloc is increasingly able to challenge the absolute dominance which the old imperialist powers were able to exert around the globe. This has found expression in a number of important actions. It has established a global bank as an alternative to the IMF. This *New Development Bank* has an initial subscribed capital of \$50 billion and an additional \$100 billion of authorized capital. In addition, the BRICS states have created a so-called *Contingent Reserve Arrangement* with \$100 billion of designated funds. China and Russia have also created a joint rating agency to counter US

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<sup>21</sup> RCIT: Escalation of Inner-Imperialist Rivalry Marks the Opening of a New Phase of World Politics, p. 36

<sup>22</sup> See Michael Pröbsting: The Uprising in East Ukraine and Russian Imperialism. An Analysis of Recent Developments in the Ukrainian Civil War and their Consequences for Revolutionary Tactics, 22.October 2014, in: *Revolutionary Communism* No. 28, <http://www.thecommunists.net/theory/ukraine-and-russian-imperialism/>

dominance. Furthermore, these two emerging imperialist powers have agreed to challenge the hegemony of the dollar in the trading of oil, buying and selling this key commodity in their own currencies. They have also negotiated large and long-term oil and gas deals. In October 2014, Moscow and Beijing also signed a SWAP treaty which allocates \$24 billion to support each other's currencies in case of a crisis.<sup>23</sup>

32. Finally, China has established the Yuan as a viable currency of trade which is now bought and sold even in Frankfurt, Europe's financial center, and which is increasingly accepted as a foreign currency reserve by central banks around the globe.<sup>24</sup> *The Examiner* commented: "2014 will go down in history as the year China made their move to usurp American in seeking to take dominion over the global financial system. In just the past 11 months, China has broken the 40 year old petro-dollar agreement through their partnership with Russia to buy and sell oil in either the Rouble or the Yuan, has established a global bank (AIIB) to replace the IMF and World Bank in providing capital loans to sovereign states, and now they have established the Yuan in Europe as a viable trade currency that will only increase its growing use around the world as an alternative to the dollar, and as an accepted form of payment between nations."<sup>25</sup>

### **End of the US Blockade against Cuba**

33. An additional expression of the increasing inter-imperialist rivalry on the backdrop of China and Russia's ascent is the end of the US blockade against Cuba. As the RCIT has elaborated in its book on Cuba, the Castro regime has entered the road of capitalist restoration with the support of Chinese and Russian imperialism.<sup>26</sup> As a result the Obama administration lifted the blockade in order to secure profitable market opportunities for US businesses. As CNN reports, "Every year, the U.S. economy loses out on \$1.2 billion in missed sales, according to the U.S. Chamber of Commerce."<sup>27</sup> It is hardly surprising that US corporations expressed strong support for Obama's decision after lobbying intensively for such a step as the US *Fortune* magazine reports in an article headlined "Corporate lobbyists score victory in loosening of Cuban trade embargo."<sup>28</sup> Obviously, US monopoly capital doesn't see Cuba as a "workers state" but rather as a capitalist country offering the chance to make money. In addition, Obama's decision also reflects Washington's fear that if it continues to blockade Cuba, the island will become a semi-colony completely controlled by Beijing and Moscow and thereby strengthen its rivals its backyard.

34. Various Stalinists and Bolivarian supporters hail the end of the blockade as a triumph for socialism in Cuba. Leaving aside that authentic socialism never existed in Cuba – it was rather a bureaucratic dictatorship based on a degenerated workers' state – communists always demanded the end of the US blockade, as we also did, and do in the case of other victims of imperialist aggression. Hence, the RCIT obviously welcomes the end of the blockade. However, it is a dangerous delusion to believe that Obama's decision is the result of a massive pressure of the Cuban state or of an international solidarity movement. There is no indication that Cuba or international protests against the US blockade have become stronger in the recent past than they were let us say 5, 10, or 20 years ago. Socialists have to warn against any illusions in the rise of the Eastern imperialist powers as a development beneficial for the working class. They have

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<sup>23</sup> See Zhang Yunbi: Beijing willing to assist Moscow, China Daily, 22.12.2014, [http://www.chinadaily.com.cn/china/2014-12/22/content\\_19136946.htm](http://www.chinadaily.com.cn/china/2014-12/22/content_19136946.htm); Gegen den Dollar: China will Rubel-Krise zur Stärkung des Yuan nützen, Deutsche Wirtschaftsnachrichten; 22.12.2014; <http://deutsche-wirtschafts-nachrichten.de/2014/12/22/gegen-den-dollar-china-will-rubel-krise-zur-staerkung-des-yuan-nuetzen/>

<sup>24</sup> See e.g. Saikat Chatterjee and Rachel Armstrong: China currency claims a bigger share of reserve manager portfolios, Reuters, Oct 29, 2014 <http://www.reuters.com/article/2014/10/29/us-china-summit-reserves-reuters-summit-idUSKBN0II0VX20141029>, Tyler Durden: Petrodollar Panic? China Signs Currency Swap Deal With Qatar and Canada, Global Research, November 12, 2014, <http://www.globalresearch.ca/petrodollar-panic-china-signs-currency-swap-deal-with-qatar-and-canada/5413467>; Georgi Stankov and Robert Fallin: The Great Wave of Financial Collapse is Coming, November 11, 2014, <http://www.stankovuniversallaw.com/2014/11/the-great-wave-of-financial-collapse-is-coming/>

<sup>25</sup> The Examiner: Germany to bypass dollar in trade as direct currency settlement with Yuan begins, November 18, 2014 <http://www.examiner.com/article/germany-to-bypass-dollar-trade-as-direct-currency-settlement-with-yuan-begins>

<sup>26</sup> See: Michael Pröbsting: Cuba's Revolution Sold Out? The Road from Revolution to the Restoration of Capitalism, 2013

<sup>27</sup> Jose Pagliery: The promise for American businesses if Cuba sanctions are lifted, CNN, December 17, 2014, <http://money.cnn.com/2014/12/17/news/cuba-sanctions/>

<sup>28</sup> Benjamin Snyder: Corporate lobbyists score victory in loosening of Cuban trade embargo, Fortune, December 18, 2014, <http://fortune.com/2014/12/18/companies-cuba-embargo/>

to explain that the working class must refuse to give support to any imperialist power – be it the US, the EU, Japan, China, or Russia.

### **The Chinese Alternative to the Panama Canal**

35. Another important manifestation of China's emergence as a new imperialist power is its project of the *Interoceanic Grand Canal in Nicaragua, a second shipping channel between the Atlantic and Pacific* (see figure 11). This channel is completely controlled by China on the basis of a 100-year treaty to lease it – similar to the 99-year treaty with which the US controls the Panama channel. In fact, the Nicaragua channel is designed as an alternative to the Panama Canal in order to challenge US hegemony over the important transport route between the Atlantic and the Pacific.

36. The project will have dramatic consequences for the local population. The Sandinista government – which is part of the popular-frontist Bolivarian movement in Latin America – plans to expel thousands of indigenous people and destroy thousands of square kilometers of forestland, as well as of the *Lake Nicaragua*, one of the country's most important sources of drinking water. However the government is determined to smash any resistance against the project and recent mass protests have already resulted in the deaths of several persons. Socialists should denounce this project as an attack on the living conditions of the Nicaraguan workers and peasants. And they should use it as an example that illustrates how China is just as imperialistic as are the Western powers.

### **The Proletarian Internationalist Stand of Revolutionary Defeatism against All Imperialist Powers**

37. In the final analysis, we can summarize that the emergence of new imperialist powers – China and Russia – in 2014 has finally and unmistakably expressed itself in world politics in a number of political and economic activities which clearly reflect the inter-imperialist rivalry as a key feature of the present period. As we elaborated in another document, this has led to different currents inside the workers' movement:

- i) Those who adapt to the policy of US, EU, and Japanese imperialism (the *pro-Western social-imperialists*);
- ii) Those who adapt to the policy of Chinese and Russian imperialism (the *pro-Eastern social-imperialists*);
- iii) Those who recognize the existence of these rival imperialist powers, but who draw the wrong conclusion that all local and national liberation struggles in the semi-colonial world have become proxy wars between these great powers (the *imperialist economists*);
- iv) Those who recognize the existence of these rival imperialist powers and who combine this with the recognition that the national and democratic aspirations of oppressed peoples are a crucial factor in world politics and who therefore support those struggles which reflect these aspirations (the *proletarian internationalists*).<sup>29</sup>

38. Only the last current, to which the RCIT adheres, is able to take a consistently socialist position and to offer the workers' vanguard a road to struggle against all imperialist enemies of the proletariat and the oppressed peoples. We emphasize what we wrote in our statement on the 100<sup>th</sup> anniversary of the outbreak of World War I: "*Without a clear understanding of modern imperialism and the nature of the current world situation, it is impossible for socialists to elaborate a correct program against imperialism and war. However, only if socialists are armed with such an analysis and program, will they be able to play a progressive role in advancing the building of an authentic revolutionary party of the working class and show the workers' vanguard a way out of the current crisis. If they fail to provide such an interpretation, they merely contribute, albeit involuntarily, to the mass confusion which is currently endemic in the international working class movement.*"<sup>30</sup>

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<sup>29</sup> See Michael Pröbsting: Lenin's Theory of Imperialism and the Rise of Russia as a Great Power, pp. 4–5.

<sup>30</sup> RCIT: On the 100<sup>th</sup> Anniversary of the Outbreak of World War I: The Struggle against Imperialism and War. The Marxist Understanding of Modern Imperialism and the Revolutionary Program in Light of the Increasing Rivalry between the Great Powers, Revolutionary Uprisings, and Counterrevolutionary Setbacks, 25.6.2014, in: *Revolutionary Communism* No. 24, p.28, <http://www.thecommunists.net/theory/struggle-vs-imperialism-war/>

### III. US Imperialist Aggression in the Middle East, the State of the Arab Revolution, and the Chauvinist Offensive against Muslim Migrants

39. The third main feature characterizing today's world situation is the new war offensive of US imperialism and its allies in the Middle East against Islamist movements. This war is driven by two main factors.

i) The Arab Revolution has launched a dynamic in which a number of stable and long-time bourgeois dictatorships throughout the region – all in one way or another loyally serving their imperialist masters – have either been overthrown or at least potentially face such a danger. This has initiated a period of mass uprisings and civil wars which endangers the imperialists' control and investments. It is in the joint interest of all imperialist powers – in West and East – to smash the Arab Revolution and to bring back the stability of butcher regimes (for which General Sisi's military dictatorship in Egypt is a prime example).

ii) The exacerbation of the inter-imperialist rivalry and the advancement of China and Russia threaten the hitherto absolute control of US imperialism – with Israel and the EU as junior partners – over the strategically important region. The US hopes to keep its hegemony in the region by strengthening its military position.

40. After the setbacks for the US hegemonic position in the Middle East since the beginning of the Arab Revolution, there have also been two important setbacks in the past months which influenced Washington's decision to wage a new war: (a) the failure of Israel – the US's closest ally in the region – in its barbaric war in Gaza against the heroic Palestinian resistance and (b) the humiliating defeats for the pro-US Maliki government and the Iraqi army in the hands of the Sunni uprising.

#### Obama's Imperialist Crusade in the Middle and IS/Daash

41. Obama's imperialist crusade has placed the Salafi-Takfiri *Islamic State* (IS, often called *Daash* in Arabic) in its crosshairs, but also attacks other Islamist movements. It is a war which is not limited to Iraq and Syria, but which is also taking place in Afghanistan, Pakistan, Yemen, and Somalia. The RCIT emphasizes that this is a major imperialist war offensive which must be unconditionally fought against by all socialists and anti-imperialists. We call upon the workers' movement and all mass organizations of the oppressed to organize direct actions – strikes, demonstrations, acts to sabotage the war drive, etc. – in order to undermine and finally defeat the imperialist crusade. Without giving them *any* political support, we defend the Islamist movements under attack (including IS/Daash) against the US imperialists and their allies. The main enemy for the global working class and the oppressed is the imperialist alliance led by the US Empire – the biggest state terrorist across the globe – and not IS/Daash! <sup>31</sup>

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<sup>31</sup> On the RCIT's position of Obama's crusade in the Middle East see:

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

\* RCIT: Defend Iraq against another Aggression of US Imperialism! Support the Kurdish Right of Self-Determination against IS! Unite the Struggle against the US Attack with the Palestinian Resistance against Israel! 9.8.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/defend-iraq-against-us/>

\* RCIT: Iraq: Defend the Sunni Rebellion against the Maliki Regime and US Imperialism! Down with all Reactionary Religious Sectarianism! For a Workers' and Peasants' Republic! 22.6.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/iraq-sunni-rebellion/>

Yossi Schwartz: Down With the New Imperialist Attack on Iraq and Syria! The Renewal of the Imperialist War and the Tasks of the Workers Movement, 2.10.2014, <http://www.thecommunists.net/worldwide/africa-and->

42. Bolshevik-Communists denounce the foolish position of numerous petty-bourgeois leftists who refuse to defend IS/Daash and other Islamists against the US war drive by characterizing them as “fascists.” First, the scientific meaning of fascism concerns petty bourgeois mass movements which *serve the interests of monopoly capital*. This is obviously not the case with IS/Daash since it is under attack by the ruling classes of all the great powers. However, even if one wants to apply the term “fascistic” to IS/Daash, one must not forget that Marxists differentiate between the political agents of imperialism – i.e., the Obama administration and their local allies in the Middle East – and political agents of reactionary sectors of the petty-bourgeoisie in a semi-colonial country. This is even more so in the case of IS/Daash, since it is at least partly involved in a democratic mass struggle against regimes which are lackeys of US and Russian imperialism respectively. These petty-bourgeois leftists – who are usually pro-Western social-imperialists, Stalinists, Bolivarians, and their centrist tailists etc., – invoke the characterization of “fascist” for IS/Daash in order to justify their capitulation to the imperialist aggressors.

43. Let us remind these petty-bourgeois leftists, that Marxists even defend “fascists” against the “democratic” imperialists. As Trotsky said in 1938: *“I will take the most simple and obvious example. In Brazil there now reigns a semifascist regime that every revolutionary can only view with hatred. Let us assume, however, that on the morrow England enters into a military conflict with Brazil. I ask you on whose side of the conflict will the working class be? I will answer for myself personally—in this case I will be on the side of “fascist” Brazil against “democratic” Great Britain. Why? Because in the conflict between them it will not be a question of democracy or fascism. If England should be victorious, she will put another fascist in Rio de Janeiro and will place double chains on Brazil. If Brazil on the contrary should be victorious, it will give a mighty impulse to national and democratic consciousness of the country and will lead to the overthrow of the Vargas dictatorship. The defeat of England will at the same time deliver a blow to British imperialism and will give an impulse to the revolutionary movement of the British proletariat. Truly, one must have an empty head to reduce world antagonisms and military conflicts to the struggle between fascism and democracy. Under all masks one must know how to distinguish exploiters, slave-owners, and robbers!”*<sup>32</sup>

44. We similarly reject the argument that the IS/Daash cannot be defended against the imperialists because they stand for a feudal/pre-capitalist social model. These pseudo-Marxists justify such a position by stating that communists should not support feudal forces. However, based on the experience of the upheavals during and after World War I, the Communist International recognized that Islamists can stand at the top of anti-imperialist movements: *“In Moslem countries the national movement at first finds its ideology in the religio-political watchwords of pan-Islam. (...) But to the extent that the national liberation movements grow and expand, the religio-political watchwords of pan-Islam are increasingly replaced by concrete political demands.”*<sup>33</sup> Secondly, while at the time of Lenin and the Communist International classes and layers based on feudal property relations still existed, this is no longer the case. Reactionary Islamists certainly strive for a reactionary utopia, but they do not represent feudal classes which no longer exist, but rather sectors of the impoverished petty-bourgeois intelligentsia and the urban and rural poor.<sup>34</sup> All this does not remove the need for communists to fight against the Islamists and remove them as a reactionary obstacle. But it is important to recognize the character of the enemy instead of basing one’s strategy on stupid phrases.

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[middle-east/us-war-in-iraq-and-syria/](#)

<sup>32</sup> Leon Trotsky: Anti-Imperialist Struggle is Key to Liberation. An Interview with Mateo Fossa (1938); in: Writings of Leon Trotsky 1938-39, p. 34.

<sup>33</sup> Communist International: Theses on the Eastern Question, 5 December 1922, Fourth Congress of the Communist International, in: Jane Degras: The Communist International 1919-1943. Documents Volume I 1919-1922, p. 385.

<sup>34</sup> As a side note we should remark that the characterization as “feudalistic” would also be incorrect from a Marxist scientific point of view, since in most Muslim countries – it was not feudalism which pre-dominated for most of the time but rather what Marx characterized as the Asiatic mode of production. With the conquest by the imperialist powers, capitalist property relations advanced and gradually destroyed or incorporated the old property relations.



## The Civil War in Syria and the Kurdish Question

45. Washington's war drive not only supports its allies in Baghdad, it is also aiding the reactionary dictatorship of the Assad clan – a key ally of Russia. This reflects that, in their desire to smash the revolutionary process in Syria, the imperialist rivals are prepared to cooperate regardless of their differences. It also demonstrates how ridiculous the Stalinists and Bolivarians – as well as their centrist shadows – have been in claiming that the popular uprising against Assad was a CIA conspiracy and Washington's main goal is the overthrow of the current regime. In fact, the relationship between Washington and Assad has always been one of tactical differences. In contrast, the relationship between Washington and the Syrian Revolution can be characterized as strategic antagonism.

46. The civil wars in Iraq and Syria have been complicated by two developments: (i) the rise of the IS/Daash and (ii) the coming into the forefront of the *Kurdish question*. As the RCIT has repeatedly explained, IS/Daash is a thoroughly reactionary movement which has attempted to liquidate the resistance movement in Syria. However, the situation has been complicated by the fact that the IS has managed to play a key role in the legitimate Sunni uprising in Iraq by being increasingly involved in military confrontations with the Assad regime. At the same time, socialists have to defend the Kurdish resistance fighters against IS/Daash – both in Iraq as well as in Syria – since their struggle to implement the wish of the Kurdish people to form their own state is justified.

47. We strongly denounce those petty-bourgeois leftists who currently show off as militant supporters of oppressed people by enthusiastically supporting the Kurdish struggle in Kobane and calling for arms for them. While support for the Kurdish struggle is fully justified, it reflects pure cynicism on the part of these leftists. They didn't call for arms for the resistance some month ago when the Palestinian people were being slaughtered by Israel and the fighters of Hamas, Islamic Jihad, and the PFLP were waging a heroic battle in the ruins of Gaza. Similarly, they give no support whatsoever for the resistance fighters against the US occupiers in Afghanistan. They become "militarists" only in the case of the Kurds because the Peshmergas currently receive tactical support from the imperialist powers. In short, the centrists' support for the Kurdish struggle is nothing but an expression of their opportunistic adaption to the imperialist aggression.

## Al Shabaab and the Imperialist "War on Terror" in Somalia

48. The imperialist war drive also extends to *Somalia* because of its geo-strategic position on the Eastern corner of the African continent. After suffering a humiliating defeat by Somali rebels in the early 1990s, US imperialism is currently trying to regain control over the country – and is being supported in this by European imperialists as well as several African regimes (forming the AMISOM military alliance led by the imperialist puppet regime in Ethiopia). With the help of thousands of foreign troops, the imperialists are attempting to stabilize Somalia's puppet-regime, the TFG. Their goal is to transform the country into a subjugated imperialist (semi-)colony. Their main enemies are the Islamist al-Shabaab rebels.

49. While al-Shabaab follows a reactionary Islamists social agenda, they have succeeded in gaining substantial support amongst the urban and rural poor. They have achieved this by banning foreign imperialist "NGOs" which made the poor peasants unable to raise and sell their products by flooding the country with foreign agrarian products. Al-Shabaab also introduced a more peasant-friendly tax regime (taxing production instead of land). And it also initiated a program of building



numerous canals and waterways.<sup>35</sup> While the militarily overwhelming imperialist-backed foreign occupiers made progress in expelling al-Shabaab from various cities, it is likely that the civil war will continue for some time, given the popular support for the Islamists.

50. Revolutionaries call for the defeat of the imperialist forces and the local allies of the TFG and AMISOM and for the military victory of the rebels (mostly Islamist-led). At the same time, they support all efforts to organize the working class, the peasants, and the poor independently of the all bourgeois and reactionary forces (including the Islamists) to prepare them for the struggle for socialism.

### **New Upsurge of Chauvinist Hatred in the Imperialist Countries against Muslim Migrants**

51. The domestic side of the imperialist crusade in the Middle East is the *new upsurge of chauvinist hatred in Europe, the US, Canada, and Australia against Muslim migrants*. These migrants – who constitute a substantial sector of the working class in the imperialist world – are faced both with increasing state repression and media agitation but also extreme chauvinist and (semi-)fascist attacks and mobilizations (like the arson attacks against mosques in Sweden or the racist PEGIDA demonstrations in Germany). In addition there are increasing numbers of attacks against Muslim migrants on the streets. In fact, these migrants today are in a similar position to that faced by the Jews in various European countries during Anti-Semitic outbursts before 1933. Socialists have to defend Muslim migrants against this chauvinist hatred by any means necessary. It is an urgent task of socialists to mobilize for a broad united front in the defense of these migrants groups and to fight for full equal rights from them. It is equally important to call for self-defense units of migrants and all progressive forces in order to defend their districts against racist attacks.

52. In contrast to most of the petty-bourgeois left, the RCIT views the Muslim migrants not only as *object* of racist hatemongering but also as *subject* of the resistance against it. Such disregard by the left is particularly absurd given the fact that migrants from Muslim countries have played a key role in mass mobilizations in Europe since the early 2000s (anti-war mobilizations, uprisings against police terror, etc.). We think it is crucial that socialists focus their strategy of fighting against the national and religious oppression with energetic efforts to unite with and mobilize the oppressed themselves and to link them to those sectors of the workers' movement who refuse to succumb to the strong pressure of the social-imperialist labor aristocracy, and who are prepared to join the struggle against chauvinism.

53. Unfortunately, however, most leftists orient the struggle against the right-wing hate mongers not to the migrant targets but to left-liberal intelligentsia, the white middle class, and the labor aristocracy. These layers are indeed against racism, however from the standpoint of middle class liberalism, and not from the standpoint of the international working class' interest to rally all oppressed in order to destroy the exploitative imperialist system.

54. Many leftists justify their disregard for the Muslim migrants by claiming that they are "religious" and "backward." Naturally, communists are fully aware that there is a great deal of conservatism among Muslim migrant communities. However, communists are, firstly, also aware that this conservatism is *strengthened by the national oppression of the migrants* (against which the liberals and reformists either don't fight at all or only half-heartedly). Secondly, this conservatism must not blind socialists to the many *progressive* elements among the Muslim migrants, like their strong participation in anti-war and international solidarity movements, as well as anti-racist protests.

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<sup>35</sup> See Hamza Mohamed: Somali farmers benefit from al-Shabab reforms. In Somalia's breadbasket, many welcome al-Shabab's move to expel foreign aid groups and build canals, Al Jazeera, 11 March 2014, <http://www.aljazeera.com/indepth/features/2014/03/somali-farmers-benefit-from-al-shabab-reforms-201431053038814400.html>

Thirdly, most liberals and reformists are completely *ignorant of the numerous shades and differentiations inside the Muslim migrant communities* and “overlook” (by closing their eyes!) the diverse opportunities for socialists to draw on existing sentiments among these migrants. Fourthly, the arrogant liberals and reformists are terribly righteous in their denunciations of the conservatism among the Muslim migrants, while at the same time they overlook the much more reactionary and backward tendencies among the white middle class and huge sections of the petty-bourgeois left themselves. Have they forgotten how many of the white middle class and intelligentsia support the imperialist war against the Islamists, or at least take a neutral position?! Have they forgotten that most of the white middle class and intelligentsia don’t actually care about equal rights for migrants, rights which would allow them to use their native language in public administration, schools, and universities?! Are they not aware how cynical are these white middle class persons who consider the numerous forms of sexist fashion for Western women as something more progressive than Muslim women wearing the hijab?! No, any meaningful proletarian internationalist approach towards the oppression of Muslim migrants must start with a sharp break with any such prejudices!

55. Does this preclude undertaking joint activities and forming blocs with the petty-bourgeois left and the humanist liberals? Not necessarily. The Bolshevik-Communists will give critical support to all activities which are of practical utility for the oppressed. We will participate in such activities according to their support among the masses and we will warn the activists against the liberal, reformist, and centrist mis-leaderships. In many cases, the struggle inside the workers’ movement necessitates a frontal political attack against most of the labor bureaucracy which completely supports the imperialist war drive in the Middle East, as well as the police repression of Islamists in the Western world. These bureaucrats are nothing but bribed and thoroughly corrupt tools of the imperialist rulers. However, it is of crucial importance that socialists fight inside the reformist-led workers’ movement against the labor aristocracy’s anti-migrants prejudices and work to break sections of the movement away from social-imperialism.

56. However, the starting point for the revolutionary struggle against the oppression of Muslim migrants must be the migrants themselves and their organizations. It is incumbent upon socialists to find a way into these very communities in which they will have to overcome skepticism against them due to the community’s oppression by white bourgeois society and, no less, they will encounter prejudices against communists nurtured by the conservative community leaderships. However, as our practice has demonstrated, this is not only necessary but it is also possible. The key is to combine a bold stand for equality and against imperialism with a flexible united front tactic and to demonstrate this not only in programs and leaflets but also in practical actions. As in all other areas of revolutionary struggle, unity of theory and practice is crucial to gain the trust of workers and the oppressed. The goal must be to win Muslim migrants over to a joint struggle and to break them away from the petty-bourgeois community leadership. These leaderships usually hesitate to struggle against the racist attacks and instead look for accommodation with the ruling class.

57. For this perspective of winning over the Muslim migrants as well as the workers’ movement, the struggle among the proletarian and migrant youth is of particular importance, given their dynamism and the fact that they are less controlled by the established leaderships.

58. The RCIT views the new upsurge of chauvinist hatred in Europe, the US, Canada, and Australia against Muslim migrants *not as a religious conflict*. Or to be precise, it is a religious conflict only in form. *In essence it is part of the national oppression of the migrants which again is a function of the imperialist oppression and super-exploitation of the semi-colonial world.* <sup>36</sup> The present US-led war drive in

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<sup>36</sup> See Michael Pröbsting: *The Great Robbery of the South*, pp. 179-188; Michael Pröbsting: *Marxismus, Migration und revolutionäre Integration* (2010); in: *Revolutionären Kommunismus*, Nr. 7, <http://www.thecommunists.net/publications/werk-7>. A summary of this study in English-language: Michael Pröbsting: *Marxism, Migration and revolutionary Integration*, in: *Revolutionary Communism*, No. 1, <http://www.thecommunists.net/oppressed/revolutionary-integration/>

the Middle East and the hatemongering against Muslim migrants in the imperialist heartlands is a practical example of this. In this context, RCIT comrades in Europe and the US will combine the struggle against Islamophobia with a clear anti-imperialist stand for the defeat of Obama's crusade, as well as a positive program for equality for migrants (full citizenship rights, right to use their native language, equal wages, open borders, etc.).

### **The Paris Attacks**

59. The Paris attacks against *Charlie Hebdo* on 7 January and the resulting wave of imperialist chauvinism against Muslims make our general analysis particularly germane in recent days. As we outlined in the RCIT statement on the Paris attacks, we unequivocally oppose them. However, we do so *not* because we have any sympathy for this journal and its leading figures.<sup>37</sup> For a number of years, *Charlie Hebdo* has supported the imperialist crusade against the Muslim peoples by publishing disgusting and humiliating cartoons against the prophet Mohammed and Muslims. With these actions it gave ideological support to the French imperialist war drive which, since 2001, has been manifested in France's official participation in the invasion and occupation of Afghanistan which led to the deaths of tens of thousands of civilians. The newspaper equally contributed to the ideological climate which justified the military invasions of French imperialism in Mali and the Central African Republic, as well as its participation in Obama's latest crusade in Iraq and Syria. In short, *Charlie Hebdo* is a prime example of the cynical and arrogant Western liberalism which is thoroughly pro-imperialist, chauvinistic, and counter-revolutionary. We completely reject the liberal hypocrisy which maintains that the attack on *Charlie Hebdo* was an attack against the "free press" and the "liberal values of the West." There is nothing progressive or freedom-loving in giving support to the occupation, terrorizing, racism and humiliation of other people!

60. We maintain that the task of socialists now is to oppose the pro-imperialist mobilizations taking place in France. Socialists rather should defend Muslim migrants and mobilize against the imperialist war drive of the Hollande government and the EU. Socialists have to state clearly that the main enemy is not the reactionary jihadists but French imperialism and the Hollande government.

61. The chief task for socialists in France and Europe now is to organize self-defense units in order to defend mosques and migrant districts against chauvinist attacks. It is equally urgent to build a broad united front against the anti-Muslim chauvinism. Finally, it is urgent to build a strong anti-war movement against the spreading imperialist war drive in the Middle East and in Africa.

62. It is obvious that the French and other imperialist governments will use the attacks as a pretext for a massive escalation of domestic repression against Muslims in addition to all progressive forces. Similarly, it is likely that they will exploit them to justify a new imperialist war against countries in the Muslim world. The pointing of fingers in the direction of Yemen may already be a harbinger for such a new imperialist attack. In such a war, socialists have to rally to the defense of Yemen and call for the military defeat of the imperialist war mongers. Naturally we don't give an inch of political support for reactionary Islamists like Al Qaida and similar forces.

### **Flashpoints of the Arab Revolution**

63. As we have analyzed in previous RCIT documents, the Arab Revolution has experienced a

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<sup>37</sup> See RCIT: France after the Attacks in Paris: Defend the Muslim People against Imperialist Wars, Chauvinist Hatemongering, and State Repression! 9.1.2015, <http://www.thecommunists.net/worldwide/europe/statement-paris-attacks/>

number of defeats and setbacks. This is most obvious in *Egypt* where the generals launched a coup d'état on 3 July 2013 in order to overthrow the Muslim Brotherhood-led Morsi government with the support of the imperialist powers. Since then, the dictatorship has been able to retain its power by killing more than 6,000 people and arresting tens of thousands. Nevertheless the protests – in which the bourgeois Islamist *Muslim Brotherhood* is the chief force (irrespective of its increasing internal divisions) – continue, as the recent upsurge of student demonstrations in November 2014 showed. Socialists must support these protests without giving any political support to the Islamists.

64. In *Tunisia* the agents of the old elite under Ben Ali were able to make a comeback and came to power again after forcing the elected government of the *Ennahda* party (which is close to the Muslim Brotherhood) to resign. This counter-revolutionary process was openly supported by the imperialist powers. Unfortunately most leftist forces were incapable of combining the necessary political struggle against the Islamists with unconditional opposition to the counter-revolution of the old elite which would have implied tactical blocs with the Islamists.

65. In *Libya* the attempts of the pro-imperialist General Haftar – a former Gaddafi loyalist with close relations to the CIA – to take power in the country has provoked an open civil war. This is the result of the failure of the imperialists to gain influence and stability in Libya after the democratic revolution against the Gaddafi dictatorship. Currently, the country is divided mainly by areas under the control of the pro-imperialist Haftar forces and those under the control of the petty-bourgeois Islamists.

66. While the Arab Revolution has been in retreat for some time, the revolutionary process is not over, and even saw some new upturns in the past months. Among these is first and foremost the amazing heroic defense of *Gaza* against the Israeli onslaught in which the RCIT section in Israel/Occupied Palestine stood for the victory of the Palestinian resistance and the defeat of the Israeli army. Related to this is the looming *Third Intifada* expressed in repeated mass protests and street battles of Palestinian youth against the permanent provocations by the Netanyahu government. As a result of the defeat in Gaza and the steadfast and spreading uprising in the West Bank, the Netanyahu government faced increasing internal divisions and has formally dissolved itself in order to allow new elections.

67. The political situation in Israel is marked by a massive radicalization to the right. This is symbolized by the fact that some years ago, Netanyahu was the leader of the right-wing chauvinist spectrum. Today he appears rather as a center-right politician and faces much more right-wing rivals like Lieberman and Bennett. While the Kach movement was a very small minority in the past, today fascist forces repeatedly hold open mobilizations on the streets without encountering any difficulties from the police. All this reflects the peculiar character of Israel as an imperialist Apartheid state which binds the Jewish people together by means of the barbaric expulsion and oppression of the Palestinian people.

68. The Palestinian Intifada suffers from the lack of any revolutionary leadership. The Palestinian Authority led by Abbas continues to play the role of Quislings for the Israeli occupation. Their loyalty is put to the test by the Israeli barbarians, who recently even killed one of Abbas ministers. Hamas, which organized a heroic defense of Gaza, is at the same time focused on retaining its control over the Strip. In order to achieve this, it is prepared to come to an agreement with Abbas and, thus, refuses to give a lead to the Palestinian Intifada. This is a criminal and stupid policy, since the Palestinian masses would certainly follow if Hamas would call for an uprising and, on the other hand, Abbas has no intentions to help Hamas but rather wants to undermine its power base in Gaza. It is crucial that the Palestinian masses form popular committees as they did during the first Intifada and organize the struggle independent of Fatah and Hamas. <sup>38</sup>

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<sup>38</sup> On the RCIT's position in the Gaza war, the situation in Israel and the Palestinian resistance see:

69. The justified popular uprising in *Yemen* against the government was partly successful as it forced the president to withdraw the price hikes and led to the resignation of the government. Since then, the protests have been transformed into a civil war since the Houthis – a petty bourgeois Islamist movement representing the Shiite minority (about 35% of the population) – has taken control of the capital city, Saana, and other cities in the Northern part of the country. Again, the RCIT comrades in Yemen warn of the danger that, given the lack of a revolutionary leadership, a successful popular uprising might degenerate into a sectarian civil war along religious lines.<sup>39</sup>

### **The Arab Revolution in Retreat and the Rise of Islamism**

70. All in all, we can put together a balance sheet for the four years since the beginning of the Arab Revolution. These years have shown the most courageous and heroic mass movements and insurrections fighting against reactionary dictatorships. This has demonstrated that all prejudices against the “backward Arab and Muslim masses” who “fatalistically succumb to their governments” are nothing but reactionary lies. These years have also demonstrated that spontaneous mass uprisings can bring down old, rotten regimes but they cannot depose the ruling class. Overthrowing the ruling class with their bloated state apparatus and their heavily armed military demands more than demonstrating and occupying central squares. It requires a strategy to organize the working class and the popular masses in action committees, to arm them in order to fight back, to organize underground work inside the army, and to work towards an armed mass insurrection. Implementation of such a strategy again requires a strong and disciplined organization – in short a Bolshevik combat party along the model of Lenin’s and Trotsky’s party which organized the successful socialist revolution in October 1917.

71. The experience of the Arab Revolution has also demonstrated the bankruptcy of pro-Western liberalism. The most glaring examples of this are el-Baradei’s support for General Sisi’s military coup in Egypt and the liberals’ collaboration with the old elite in Tunisia. For the liberals, the main enemies

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Joint Statement: Israel Starts Ground Offensive: Defend Gaza! Defeat Israel’s War! Support the Palestinian Resistance! For a Workers’ and Popular International Campaign to Boycott Israel! Down with the Regimes which Collaborate with Israel! For a Free, Red Palestine! Joint Statement of the Revolutionary Communist International Tendency, Internationalist Socialist League (RCIT-Section in Israel / Occupied Palestine), the Communist Left of Australia and the Editor of the Blog vansterparlan.v-blog.se (Sweden), 22.7.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/joint-statement-defend-gaza/>

RCIT and ISL: Palestine: Forward to the Third Intifada! Organize the Uprising in Workers, Peasant, and Youth Popular Committees! Revitalize the Arab Revolution! Smash the Imperialist Apartheid State Israel! 7.7.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/victory-to-palestinian-uprising/>

Yossi Schwartz: Who Won the Gaza War? 8.8.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/who-won-gaza-war/>

Israeli supporter of the ISL: Report from Israel: My Experience as a Political Prisoner, 15.8.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/report-israeli-prisoner/>

Hila Slutsky: Israel: Violence against Women during the Gaza war, 19.8.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/violence-women-gaza-war/>

Gerard Stephens: Israel: While the Guns Roar, Exacerbated Political Intimidation of Israel’s Palestinian Citizens, 2.8.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/report-antiwar-meeting-2-8-2014/>

Boris Hammerschlag: Fascists Attack Pro-Gaza Demonstration in Haifa, 21.7.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/fascists-attack-pro-gaza-demo-in-haifa/>

Yossi Schwartz: Down with Israel’s New War! 9.7.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/israels-new-war/>

Yossi Schwartz: Palestine: Masses Rise Up after the Killing by Burning Alive of Palestinian Youth, 6.7.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/palestine-killing-of-palestinian-youth/>

<sup>39</sup> On the RCIT’s position in Yemen see: RCIT: Yemen: Down with the Price Hikes! For a “Second Revolution” to Establish a Workers and Fallahin Government! 3.9.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/yemen-uprising/>; Yemen: The Mass Protests continue. Report from a Yemeni Supporter of the Revolutionary Communist International Tendency(RCIT), 4.9.2014, <http://www.thecommunists.net/worldwide/africa-and-middle-east/yemen-report-4-9-2014/>

are the Islamists, not the ruling class and imperialism.

72. The petty-bourgeois left has also failed to take a revolutionary stand because it adapted itself to the middle class liberals and proved bankrupt in the decisive hours of revolution and counter-revolution. The Egyptian left's shameful failure to fight against the military coup d'état on 3 July 2013 and the barbarous massacres during subsequent weeks against supporters of the Muslim Brotherhood will go down in history as a symbol for the rottenness of left-reformism and centrism.

73. On the backdrop of the failure of the left-liberals, petty-bourgeois democrats, and leftists it is hardly surprising that some currents of Islamism were most successful in gaining support among the masses and building powerful organizations. They were successful not because of their backward social agenda but because, in practice, they fought against the dictatorships. It is important to understand that reactionary Islamist movements are not successful because of their obscure interpretation of the Koran, but because they appear to be both uncorrupted by the regime and the most determined fighters against the oppressive dictatorships.

74. The necessary struggle against the Islamists must therefore start with taking a clear stand in defense of the mass struggles against the reactionary, pro-imperialist dictatorships, as well as all forms of imperialist intervention. This includes the defense of Islamists against the barbarous imperialist war-machinery. Socialists must carefully study the internal contradictions inside the resistance movements – including the Islamists – and make tactical blocs with the more popular and progressive ones against the more reactionary. They must gain the confidence of sectors of the masses and spread the central ideas of the revolutionary program in order to finally break the control of the Islamists over the popular masses.



## IV. Other Flashpoints of the Class Struggle

75. There have been various other important events related to the class struggle in the past few months. A crucial event is the *mass protests after the police murder of Michael Brown and other Afro-Americans in the USA*.<sup>40</sup> These spontaneous mass protests show that the black and migrant layers are a crucial sector of the US working class which can play a vanguard role in reviving the class struggle in the heart of the imperialist beast. This movement could develop to proportions similar to those of the civil rights movement in the 1960s which produced the heroic *Black Panther Party* which was – despite its petty-bourgeois nationalist limitations – the most advanced mass formation of the Black people in the US.

76. Revolutionaries in the US therefore have to combine a program for equal rights and for armed self-defense of the Black, migrants, and the progressive white sectors of the working class with the slogan of a *revolutionary Black movement*. Such a revolutionary movement could play a crucial role in the rebuilding and revolutionizing of the working class movement.

### Africa

77. The recent expulsion of the metal workers' union, NUMSA, by the pro-ANC leadership of COSATU opens a new chapter in *South Africa's class struggle*. The NUMSA and a number of other unions have opposed the slavish subordination of the COSATU leadership under the popular-frontist ANC government which drives forward the neoliberal policy in the interest of the big corporations, and which was responsible for the Marikana massacre in August 2012. As a result the NUMSA leadership has repeatedly flirted with the idea of building a united front against the neoliberal attacks as well as with the idea of the formation of a new political movement or party.

78. Socialists have to unconditionally defend NUMSA and affiliated unions against the pro-business ANC government and their stooges in the labor bureaucracy. As the biggest single trade union it has good chances to advance the building of a new trade union federation as an alternative to COSATU. Such an orientation should be combined with an energetic struggle to break more unions away from the ANC. At the same time, socialists must criticize the hesitance of the NUMSA leadership in building a new trade union federation as well as in founding a new mass workers' party. It is vital for socialists to support and drive forward the formation of such a party. (WASP, which is controlled by the centrist DSM/CWI, has not become such a mass party but remains a relatively small organization.) Socialists should also severely criticize the orientation of the left-Stalinist NUMSA leadership to build such a movement on the basis of the old "*Freedom Charter*" from the 1950s. This Freedom Charter is a reformist program which is fully compatible with capitalism. Socialists should work within the NUMSA-led movement arguing for the formation of a new Workers' Party based on a revolutionary program, without making the adaption of such a program a precondition for participation.

79. Another important recent democratic revolution was the *popular uprising in Burkina Faso* in early November 2014 which led to the overthrow of the 27-year old dictatorship of President

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<sup>40</sup> See on this Adam Beltz and Nina Gunić: US: Michael Brown, Eric Garner, Trayvon Martin — For a Revolutionary Black Liberation Movement! <http://www.thecommunists.net/worldwide/north-america/ferguson/>

Blaise Compaoré. This democratic revolution was interrupted and neutralized by the army command – with the full support of the imperialist powers and the ruling classes of the neighboring countries in West Africa – which took power and promised to hold elections in 2015. While this is obviously a setback, it also opens a transitional period where the masses can acquire new experience and advance the formation of new independent trade unions as well as a workers' party.

## Europe

80. The *failure of the conservative Samara government in Greece* to get its presidential candidate elected and the new upcoming elections on 25 January offer the possibility that, for the first time, the left-reformist SYRIZA party could become the strongest party. For a number of months, SYRIZA has consistently been leading in all polls. This is hardly surprising, since after years of a draconic austerity policy – at the order of the EU bosses and executed by the ND-PASOK government – the Greek workers and poor have had enough of suffering for the bosses.

81. It is very understandable that Greek workers and youth have high hopes for a government led by Alexis Tsipras. However socialists have to explain that the SYRIZA leadership is neither willing nor capable of showing a way out of the social misery. In order to do so, it would have to expropriate the capitalist class, to nationalize the central corporations without compensation and, under workers control, to break all links with EU institutions, cancel all debts, and open the road for a socialist transformation of the country. In contrast, in the recent past, Tsipras has repeatedly stated that he has no intention of doing so. He is not even willing to cancel all debts, but only “to re-negotiate them with the EU-Troika.” In addition, let us remind our readers that SYRIZA is part of the left-reformist *European Left Party (ELP)* – a coalition of ex-Stalinist parties. Key organizations of the ELP have already been in power, like the French PCF in the Jospin government in 1997-2002 or the German Linkspartei, in various regional coalition governments. The Cypriot AKEL, which has an observer status in the ELP, was the leading government party in 2008–13. In all these cases the ELP parties supported the neoliberal austerity policy!

82. However, it would be a huge mistake to limit the Marxist response to our warning of the coming betrayal of the masses by the SYRIZA leadership. One has also to recognize that recent developments in Greece reflect a massive shift to the left among the masses. Currently they hope that Tsipras can implement their desire for social justice and democracy. They have to go through this experience, and the task of socialists is to support them in drawing the right conclusions. This requires the application of the united front tactic, both in the elections and external to them. Hence, socialist should call for a critical vote for SYRIZA at the upcoming elections. They should put key demands to the SYRIZA like canceling all debts, expropriating the super-rich, nationalizing the corporations, leaving the EU, etc. They should call for the formation of rank and file action committees to put pressure on the leadership and to prepare the workers' struggle independent of the SYRIZA leadership. They should call upon the Stalinist KKE to support a SYRIZA coalition government, and try to integrate KKE workers into a united front, despite the sectarian refusal of the KKE leadership.

83. Bolshevik-Communists warn that the Greek working class does not have unlimited time. The foreseeable betrayal of the SYRIZA government will inevitably lead to disappointment among the masses who will look for a more radical alternative. If the socialists do not succeed in breaking important sectors of the masses away from SYRIZA and in building a new, revolutionary workers'

party, it is likely that the fascists of the *Golden Dawn* will be the main profiteers from the crisis, that and the ruling class could finish the SYRIZA episode in one way or another – including a military coup d'état.

84. The *rapid rise of Podemos in Spain* reflects a similar development. After years of a reactionary policy of austerity by the conservative PP government – and by the previous social democratic PSOE – first the *Izquierda Unida* and now Podemos are experiencing a tremendous increase in popular support. In recent polls for the upcoming elections in 2015, Podemos is one of the leading parties. There are some differences between SYRIZA and Podemos. While the first has grown out of reformist and centrist parties of the workers' movement, the latter is a product of the petty-bourgeois, libertarian *Indignados movement*, with the support of the Mandelite *Izquierda Anticapitalista*, which was only recently founded. However, they are essentially similar phenomena since they reflect the aspirations of important sectors of the working class and youth for social change and democracy. Socialists should apply a similar united front tactic to Podemos, as we outlined above for SYRIZA, and warn against the betrayal of the leadership. Again, it is crucial to work for the formation of a revolutionary workers' party.

85. The rise of SYRIZA and Podemos demonstrate the swing to the left of the working class and the enormous potential for class struggle in these countries. However, the significance of this development goes beyond these two countries. It is likely that this phenomenon will resonate strongly in other European countries, particularly in Southern Europe, but not only there. This could potentially lead both to a new upswing phase of the class struggle and socialist policy in the broad sense as well as to the rise of new left reformism. Of course, Marxists are aware that the SYRIZA and Podemos programs are not really so new, but are rather a rehashed left social democratic or Stalinist agenda. But for the masses, they appear to be new and original, and will put new wine in the old bottles of left reformism. Bolshevik-Communists must react to this development in a principled but flexible way. They must work as a revolutionary opposition to these left-reformist leaders. At the same time, they must find a way to these parties' rank and file supporters among the working class and youth by applying the united front tactic (including electoral support). They must focus on organizing a minority of vanguard workers independent of the party bureaucracy on the basis of a revolutionary program.

86. Finally, we draw attention to the fact that the emergence and rapid rise of Podemos – irrespective of their left-reformist character – is a glaring example of how idiotic is the mechanist schema of the centrist Grantite tradition of the IMT and other groups. For decades they have claimed – contrary to the experience of the class struggle – that masses entering the class struggle always inevitably turn first to the old reformist organizations before they become ready to look for new organizations. Podemos is only the latest example of how wrong this view has always been.

## Asia

87. In Pakistan the government of Nawaz Sharif and his Pakistan Muslim League (N) has been under extreme pressure from popular protests reflected in the two marches and occupations in Islamabad – al-Qadri's PAT led *Inqlabi March* (Revolutionary March) and the *Azaadi March* (Independence March) led by Imran Khan's PTI. However the government – in order to take the initiative back into its own hand – escalated the domestic political situation by boycotting the "peace talks" with the Pakistani Taliban and launching another brutal military offensive against it –

in collaboration with the US imperialists – in North Waziristan.<sup>41</sup> In response, this yet again led to a reactionary massacre by Taliban fighters at a school run by the army, an act the government used to whip up public hatred against the organization. The Sharif government also tries to use the current domestic “anti-terrorist” climate to increase the repression of socialist and revolutionary-nationalist currents. It is hardly surprising that various left-liberals, Stalinists, and the left-reformist Awami Workers Party – reflecting the sentiments of the small urban middle class – lend support to the army’s reactionary offensive.

88. The RCIT section in Pakistan continues its unconditional and intransigent opposition to the war launched by the Pakistani army with the support of US imperialism. Socialists should support resistance against this military offensive of imperialism and its local stooges, without giving any political support to Islamism.

89. At the elections on 8 January 2015, the long-time president of *Sri Lanka*, Mahinda Rajapaksa, will seek re-election for a third period. His reactionary Sinhala-chauvinist regime – which was responsible for the horrific slaughter of 40,000 Tamils in 2009 – has recently faced an internal crisis. As a result, Maithripala Sirisena – until recently one of his former ministers– stands against Rajapaksa. Sirisena is supported by the main bourgeois opposition party, the United National Party. While he promises some democratic reforms, there is no substantial difference between him and Rajapaksa on the fundamental issues, national oppression of the Tamils and the neoliberal austerity policy. Shamefully, some so-called “Trotskyists” like Vickramabahu Karunaratne and his NSSP (linked to the Mandeliste Fourth International) call for electoral support for Sirisena.

90. The RCIT section in Sri Lanka resolutely opposes such a reactionary position and calls workers to give neither Rajapaksa nor Sirisena any electoral support. The task is to build a new workers’ party based on a program which combines the struggle against privatization and for nationalization of all corporations under workers’ control, and for the right of national self-determination for the Tamil people (which means a *Socialist Tamil Eelam*), with the task of socialist revolution.

91. The so-called *Umbrella Movement in Hong Kong* (China) led by students, with the support of many workers, fought against the undemocratic laws legislated by the regime for the upcoming elections of the regional governor. This was the most important movement in China since the popular uprising of the Wukan Commune in 2011. However, the movement was led by left-liberal intellectuals who had no perspective of mobilizing the working class, spreading the protests to the mainland, and preparing the movement for the unavoidable serious confrontation with the state apparatus. As a result, they capitulated and even denounced more radical sectors of the students. This illustrates, once more, that such movements must orient towards the working class and that they must have an elected and accountable leadership.

92. After months of pressure by the old elite and with the help of the reactionary middle class Yellow Shirts movement, the army finally succeeded in *overthrowing Thailand’s government of Yingluck Shinawatra by a coup d’état*. Since the bourgeois leadership of the *Red Shirts* failed to mobilize against the coup plotters, for the time being resistance has been smashed. It is urgent that

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<sup>41</sup> See Pakistan: Down with the Pro-Imperialist Government of Nawaz Sharif! No trust for Populist Politicians like Imran Khan and Tahir-ul-Qadri! Turn the Mass Protests into a Revolution Led by the Working Class in Alliance with the Urban and Rural Poor! Joint Statement of the RCIT and the Revolutionary Workers Organization (RCIT-Section in Pakistan), 10.9.2014, <http://www.thecommunists.net/worldwide/asia/crisis-in-pakistan/>

socialists in Thailand emphasize the lessons of this failure and focus on breaking away the workers and peasants, who constitute the rank and file of the *Red Shirts* movement, from the pro-Thaksin *Pheu Thai Party* in order to build an independent revolutionary workers' party.

93. The great Western powers – led by US imperialism – repeatedly threaten to intensify their sanctions against *North Korea*. Not to be excluded is the possibility that US imperialism could – to distract public attention from a new great recession at home and/or to weaken North Korea's most important ally, China – be prepared to escalate the confrontation and to start a war of aggression against this small Asian state. In a war between the US and its allies and North Korea, socialists have to defend the Asian state – without giving any political support to the reactionary dictatorship of Kim Jong-un – and fight for the defeat of imperialism.

### **Latin America**

94. In *Brazil*, the government of Dilma Rousseff – a popular front of the PT and the openly bourgeois PMDB – barely succeeded in being re-elected against the challenge of the right-wing PSDB. This election has been a litmus test for socialists. The RCIT section in Brazil called workers to vote neither for the PSDB nor for the popular front. In contrast, a number of leftists (like PSOL, LC, etc.) failed this test and gave electoral support for the popular front in the second round of the elections. After the election, Rousseff assured the bourgeoisie that she would continue to formulate policy in their interests. Nevertheless, sectors of the bourgeoisie are unhappy with the re-election of Rousseff and are trying to pressure it to move to the right. Some of them are even threatening to launch a coup d'état by impeaching the president. Socialists have to oppose any kind of coup d'état, like the maneuvers already witnessed against other bourgeois-populist presidents such as Chavez in Venezuela (2002), Fernando Lugo in Paraguay (2008), and Manuel Zelaya in Honduras (2009).<sup>42</sup>

### **Building the Revolutionary Party Nationally and Internationally**

95. The coming period will witness a number of opportunities for the class struggle manifesting themselves as new revolutionary crises as well as counter-revolutionary offensives. This period will also be characterized by a process in which the masses and, in particular, the workers' vanguard relearn the lessons of the past. The task of Bolshevik-Communists is to continue their participation in these struggles and movements wherever possible and to spread the revolutionary program. They should orient primarily to the most militant workers and youth active in these movements and try to organize them on the basis of the revolutionary program.

96. Bolshevik-Communists must respond in a pro-active way to any significant initiatives from sectors of the masses and their vanguard, leaping forward in their experience and progressing to higher forms of struggles and – no less importantly – organization. They must refrain from any kind of sectarianism, ultimatism, or conservatism, and help these workers and militants in a pedagogic way to advance in their political experience and hopefully reach revolutionary conclusions. There is no other way to build revolutionary parties in all countries and to found the

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<sup>42</sup> See Corrente Comunista Revolucionária (RCIT Brazil): Right-Wing Opposition threatens with a Coup d'État, 18.11.2014, <http://www.thecommunists.net/worldwide/latin-america/brazil-coup-danger/>

Fifth Workers' International.

97. There is much less of a need to adopt a similar pedagogic approach to old (or "*tired' old men of thirty*" [Lenin]) sectarians who never were, and never will be, able to fuse with the masses in struggles. However, to those revolutionaries who deploy an open and active approach to such mass struggles, Bolshevik-Communists will look for closer cooperation and discussion in order to advance and hopefully fuse with them on the basis of a revolutionary program.

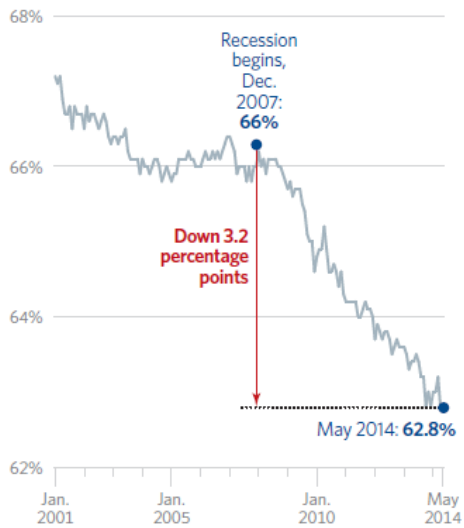


## Appendix:

Figure 1: Labor Force Participation Rate in USA, 2001–2014 <sup>43</sup>

CHART 3

### Labor Force Participation Rate Has Fallen Significantly Since the Recession Began



Source: Heritage Foundation calculations using data from the U.S. Department of Labor, Bureau of Labor Statistics/Haver Analytics.

<sup>43</sup> James Sherk: Not Looking for Work: Why Labor Force Participation Has Fallen During the Recovery, The Heritage Foundation, Backgrounder No. 2722, September 4, 2014, p. 4

Figure 2: G7 Capacity Utilization – Manufacturing (Index, GDP-Weighted) <sup>44</sup>

**G7 Capacity Utilization - Manufacturing**  
*index, GDP-weighted*

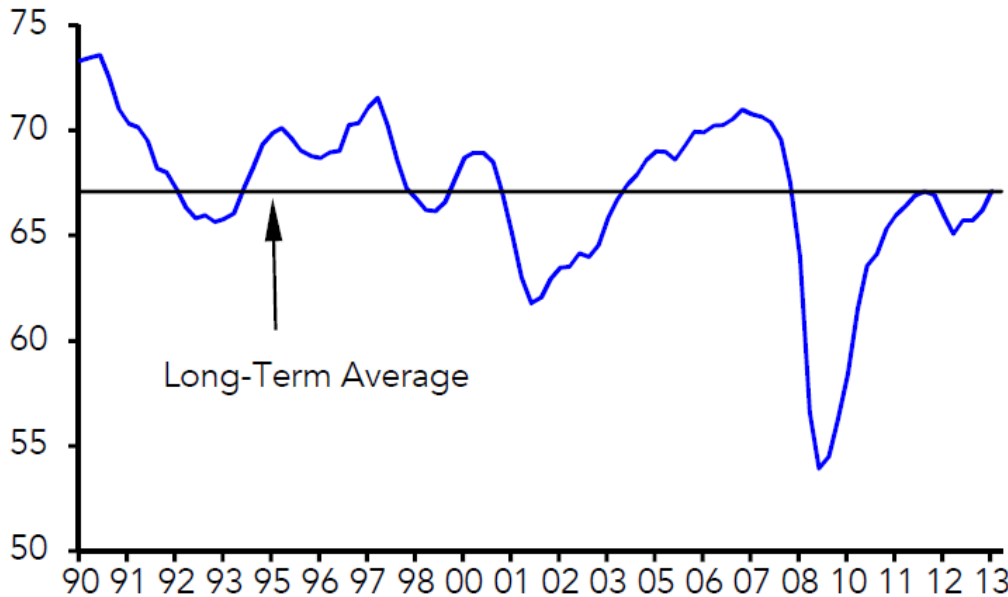
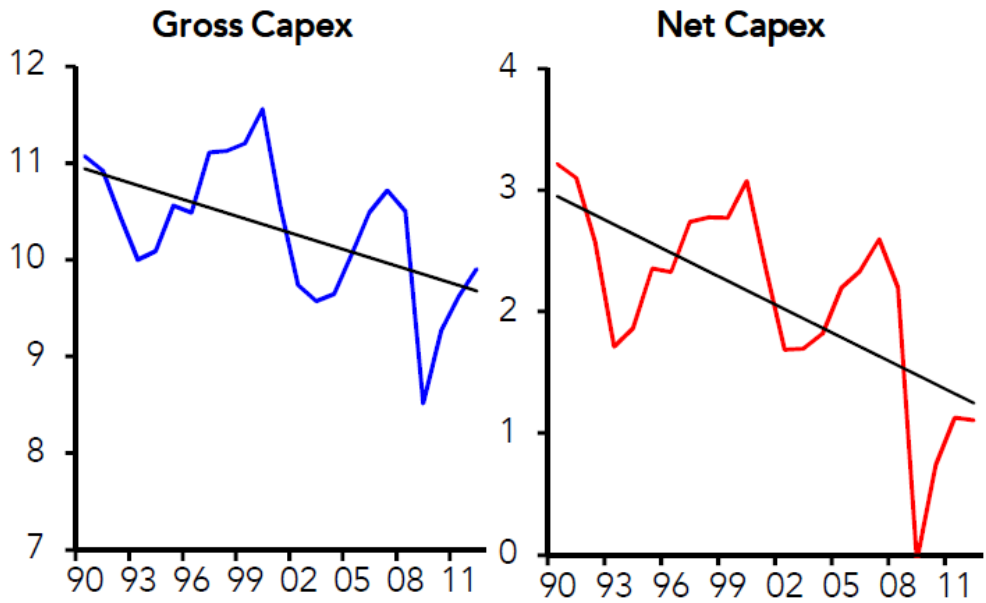


Figure 3: G7 Non-Financial Corporations’ Gross and Net Investment (Percent of GDP, GDP-Weighted) <sup>45</sup>

**G7 Non-financial Corporations' Investment Gross and Net**  
*percent of GDP, GDP-weighted*



<sup>44</sup> Kristina Morkunaite, Felix Huefner: Causes of the G7 fixed investment doldrums, 27 November 2014, <http://www.voxeu.org/article/causes-g7-fixed-investment-doldrums>

<sup>45</sup> Kristina Morkunaite and Felix Huefner: Business Investment in the G7: Coming out of the Doldrums? May 1, 2014, Institute of International Finance, p. 2

Figure 4: Debt Excluding the Financial Sector (Per cent of GDP) <sup>46</sup>

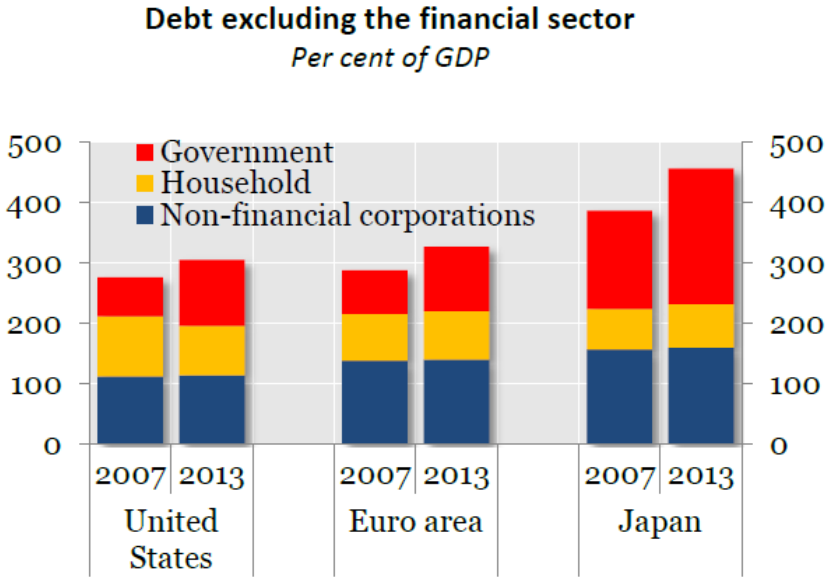
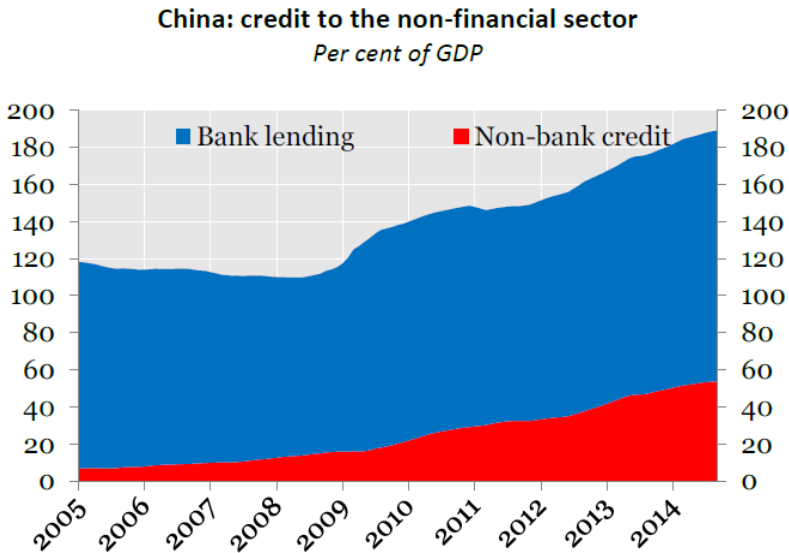


Figure 5: China: Credit to the Non-Financial Sector (Per cent of GDP) <sup>47</sup>



<sup>46</sup> OECD: Economic Outlook, Advance G-20 Release, 6.11.2014, p. 7

<sup>47</sup> OECD: Economic Outlook, Advance G-20 Release, 6.11.2014, p. 7

**Table 1: Breakdown of Total Debt (Excluding the Financial Sector), 1999 and 2014 (As a Percentage of GDP) <sup>48</sup>**

<i>Country</i>	<i>Level in 2014</i>				<i>Change since end-1999</i>			
	<i>House- hold</i>	<i>Corpo- rate</i>	<i>Govern- ment</i>	<i>Total</i>	<i>House- hold</i>	<i>Corpo- rate</i>	<i>Govern- ment</i>	<i>Total</i>
<b>Advanced Economies</b>	75	86	119	279	13	9	45	67
United States	77	68	106	252	12	6	48	65
Japan	65	103	230	398	-9	-28	102	65
Euro Area	64	101	108	272	15	28	29	72
France	57	103	115	275	22	28	46	95
Germany	57	57	84	197	-16	0	22	6
Italy	44	81	147	273	23	25	22	69
Spain	75	111	108	295	33	41	39	113
Australia	116	74	35	225	47	12	7	66
Canada	94	102	94	291	32	13	2	47
Sweden	86	173	49	308	37	70	-22	86
Switzerland	127	89	46	262	15	12	-10	17
United Kingdom	93	79	102	274	25	7	54	86
<b>Emerging Markets</b>	31	82	45	157	13	44	-6	37
Brazil	38	38	66	142	20	20	...	...
China	35	153	41	229	...	...	4	81
Hong Kong	64	222	6	292	6	116	...	...
Korea	82	104	38	224	36	6	21	63
India	9	50	60	119	...	...	-10	20
Indonesia	17	22	26	66	...	...	...	...
Malaysia	70	64	57	191	...	...	19	-2
Mexico	15	12	48	75	6	1	2	9
Russia	14	55	16	85	9	35	-83	-39
Singapore	61	81	103	245	23	8	20	51
South Africa	40	33	48	121	6	5	...	...
Thailand	73	55	48	176	24	-35	-9	-20

<sup>48</sup> Hervé Hannoun: Central banks and the global debt overhang, Speech at the 50th SEACEN Governors' Conference, Port Moresby, 20 November 2014, p. 18

**Table 2: Breakdown of Total Debt (Excluding the Financial Sector), 2007 and 2014 (As a Percentage of GDP) <sup>49</sup>**

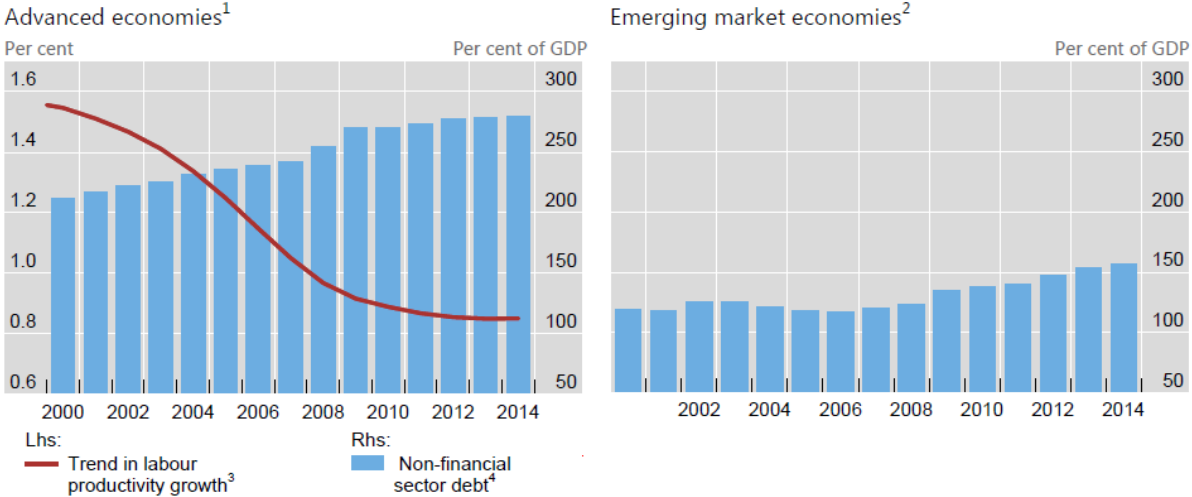
<i>Country</i>	<i>Level in 2014</i>				<i>Change since end-2007</i>			
	<i>House- hold</i>	<i>Corpo- rate</i>	<i>Govern- ment</i>	<i>Total</i>	<i>House- hold</i>	<i>Corpo- rate</i>	<i>Govern- ment</i>	<i>Total</i>
<b>Advanced Economies</b>	75	86	119	279	-6	1	42	37
United States	77	68	106	252	-18	-2	42	23
Japan	65	103	230	398	0	3	67	70
Euro Area	64	101	108	272	2	5	35	43
France	57	103	115	275	9	8	42	59
Germany	57	57	84	197	-7	-3	18	9
Italy	44	81	147	273	5	3	31	38
Spain	75	111	108	295	-8	-18	66	40
Australia	116	74	35	225	8	-8	21	21
Canada	94	102	94	291	16	14	24	54
Sweden	86	173	49	308	17	28	0	46
Switzerland	127	89	46	262	14	16	-7	23
United Kingdom	93	79	102	274	-6	-12	55	36
<b>Emerging Markets</b>	31	82	45	157	9	25	3	37
Brazil	38	38	66	142	16	16	1	32
China	35	153	41	229	16	54	6	76
Hong Kong	64	222	6	292	13	90	2	105
Korea	82	104	38	224	10	13	11	34
India	9	50	60	119	-1	10	-14	-5
Indonesia	17	22	26	66	5	6	-9	3
Malaysia	70	64	57	191	17	4	15	36
Mexico	15	12	48	75	1	3	10	15
Russia	14	55	16	85	3	12	7	23
Singapore	61	81	103	245	22	23	18	63
South Africa	40	33	48	121	-4	-3	20	13
Thailand	73	55	48	176	26	5	10	41

<sup>49</sup> Hervé Hannoun: Central banks and the global debt overhang, Speech at the 50th SEACEN Governors' Conference, Port Moresby, 20 November 2014, p. 19

**Figure 6: Rise of Debt in Imperialist and Industrialized Semi-Colonial Countries, 2000–2014 (As a Percentage of GDP)** <sup>50</sup>

An unsustainable growth model

Graph 1

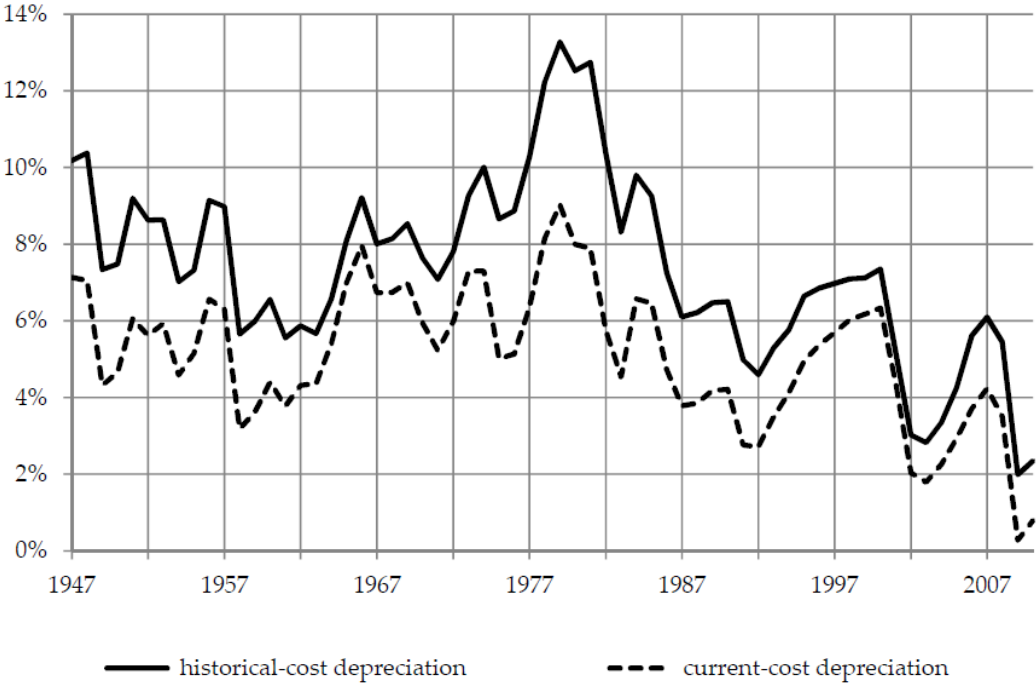


<sup>1</sup> United States, Japan, euro area, Australia, Canada, United Kingdom, Sweden and Switzerland. <sup>2</sup> Argentina, Brazil, China, the Czech Republic, Hong Kong SAR, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Poland, Russia, Singapore, South Africa, Thailand and Turkey. <sup>3</sup> Hodrick-Prescott (HP) filter applied to annual growth of output per person employed. Aggregates are weighted averages of trend growth based on GDP at current PPP exchange rates. <sup>4</sup> Includes credit to the private and public sector converted to US dollars at market exchange rates.

Sources: IMF, *World Economic Outlook*; OECD, *Economic Outlook*; Conference Board, *Total Economy Database*; national data; BIS calculations.

**Figure 7: Rate of Accumulation of Fixed Assets, U.S. Corporations (net investment as percentage of accumulated investment [net stock of fixed assets])** <sup>51</sup>

**Figure 1. Rate of Accumulation of Fixed Assets, U.S. Corporations**  
(net investment as percentage of accumulated investment [net stock of fixed assets])



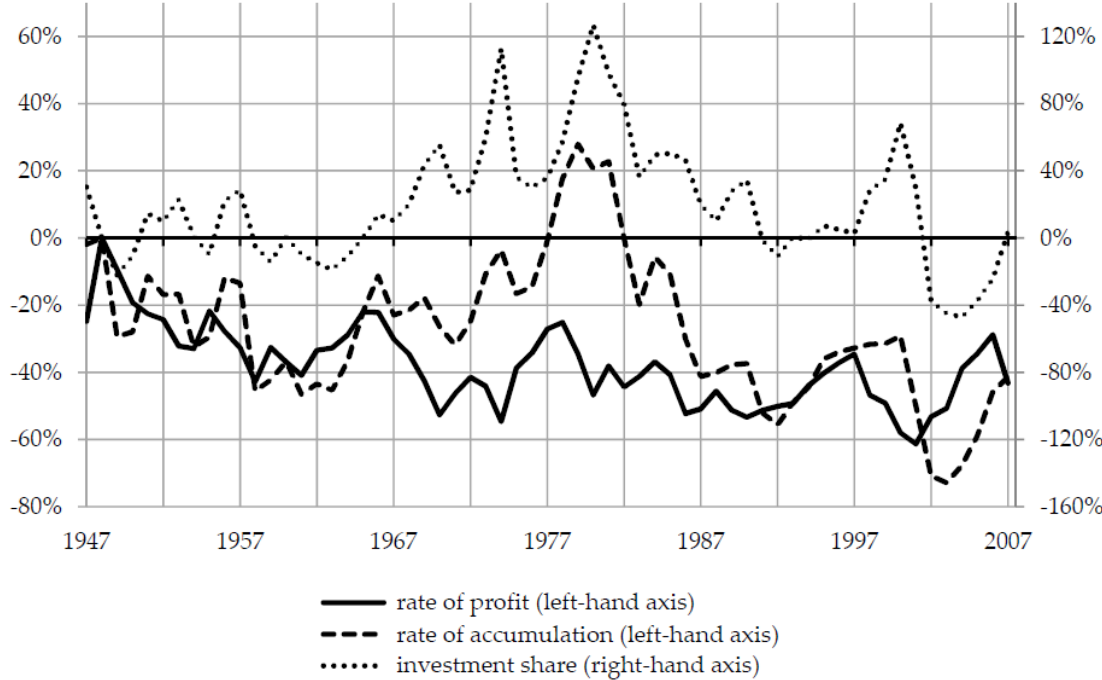
<sup>50</sup> Hervé Hannoun: Central banks and the global debt overhang, Speech at the 50th SEACEN Governors’ Conference, Port Moresby, 20 November 2014, p. 2

<sup>51</sup> Andrew Kliman and Shannon D. Williams: Why “Financialization” Hasn’t Depressed U.S. Productive Investment, 2012, p. 10

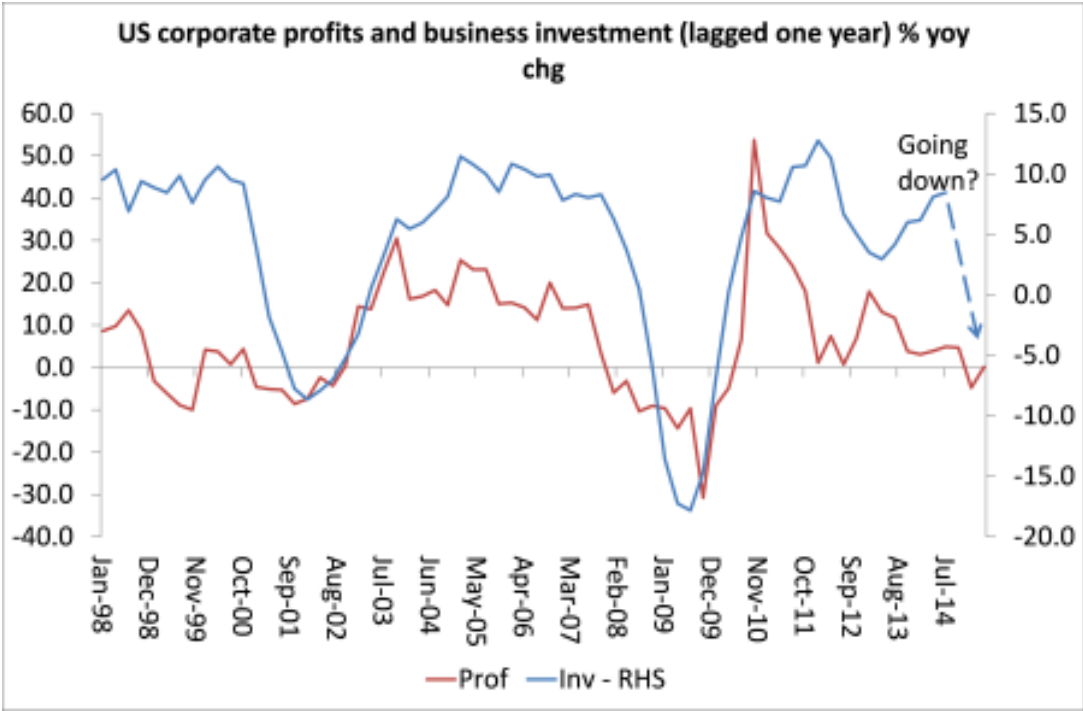


**Figure 8: U.S. Corporations' Rate of Accumulation, After-Tax Rate of Profit, and Investment Share of After-Tax Profit (percentage differences from 1948 values)** <sup>52</sup>

**Figure 14. U.S. Corporations' Rate of Accumulation, After-Tax Rate of Profit, and Investment Share of After-Tax Profit (percentage differences from 1948 values)**



**Figure 9: US Corporate Profits and Business Investment 1998-2014 (lagged one year), year-on-years change in percent** <sup>53</sup>



<sup>52</sup> Andrew Kliman and Shannon D. Williams: Why "Financialization" Hasn't Depressed U.S. Productive Investment, 2012, p. 35

<sup>53</sup> Michael Roberts: US GDP up but...profits down, 25.11.2014, <http://thenextrecession.wordpress.com/2014/11/25/us-gdp-up-but-profits-down/>

Figure 10: Real Public Investment in Advance Economies 1970-2012(as percentage of GDP) <sup>54</sup>

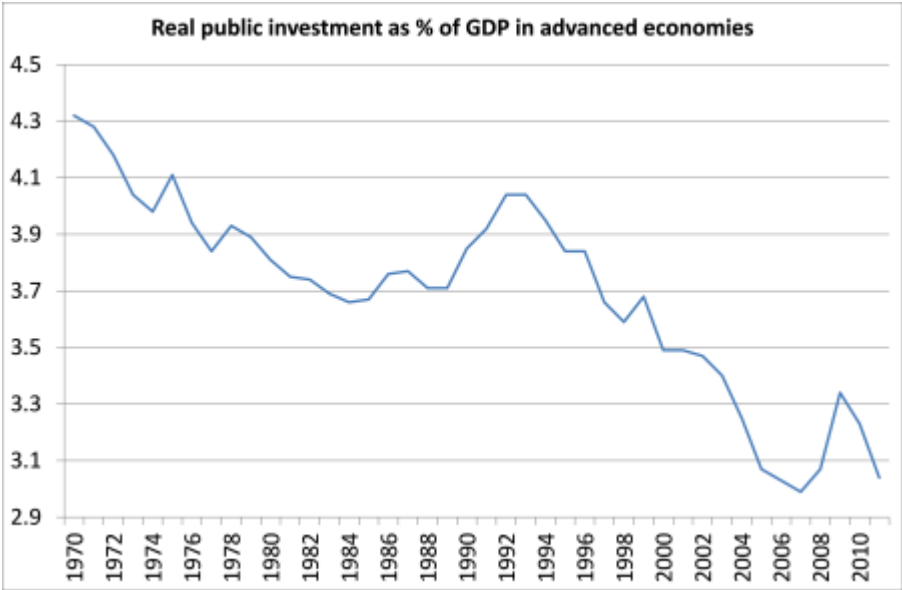
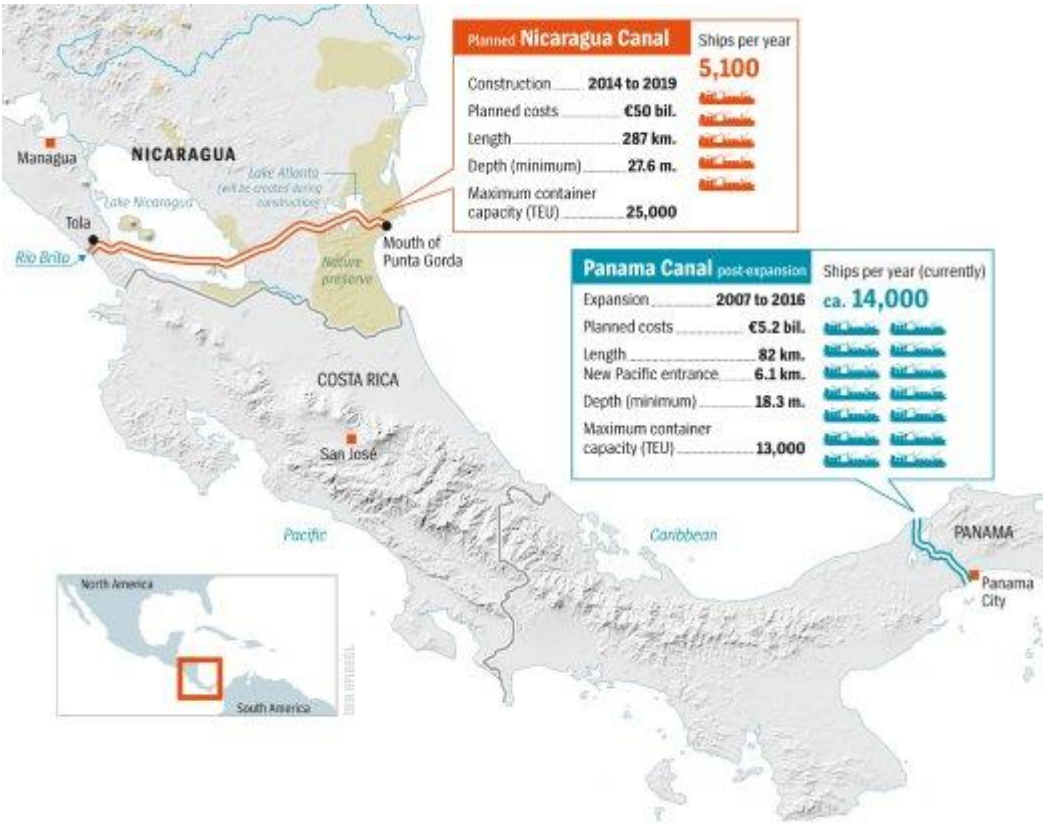


Figure 11: The Interoceanic Grand Canal in Nicaragua compared with the Panama Canal <sup>55</sup>



<sup>54</sup> Reprinted in Michael Roberts: Red warning lights, 17.11.2014, <http://thenextrecession.wordpress.com/2014/11/17/red-warning-lights/>

<sup>55</sup> Jens Gluesing: New Shipping Canal in Nicaragua Faces Questions and Opposition. The Red Canal: Uncertainties Surround Nicaragua's New Waterway Project, DER SPIEGEL, 5.11.2014, <http://www.spiegel.de/international/world/new-shipping-canal-in-nicaragua-faces-questions-and-opposition-a-1001136.html>