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## Greece: A Modern Semi-Colony (Part 2)

by Michael Pröbsting

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## Greece: A Modern Semi-Colony (Part 2)

The Contradictory Development of Greek Capitalism, Its Failed Attempts to Become a Minor Imperialist Power, and Its Present Situation as an Advanced Semi-Colonial Country with Some Specific Features

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## Greece: A Modern Semi-Colony (Part 2)

### The Contradictory Development of Greek Capitalism, Its Failed Attempts to Become a Minor Imperialist Power, and Its Present Situation as an Advanced Semi-Colonial Country with Some Specific Features

By Michael Pröbsting, Revolutionary Communist International Tendency (RCIT), November 2015

## III. Greece's Failed Attempt to Become a Minor Imperialist Power (Part 2)

### III.4 Failure to Overcome Backwardness and Increasing Indebtedness to Imperialist Powers

Let us now make a general assessment of the development of Greek capitalism and analyze whether Greece has succeeded in becoming a minor imperialist state. In doing so, we cannot avoid but referring beforehand to some developments which post-date the onset of the historical crisis of Greek capitalism after 2008. However, as we will demonstrate, all the elements which led to the collapse of Greek capitalism during this period were already present beforehand and certainly did not suddenly emerge out of the blue.

In our previous chapters we have seen that Greece has always been and still is the poorest – with the possible exception of Portugal – of the traditional capitalist countries of Europe (i.e., if we leave aside the ex-Stalinist states in Eastern Europe). This has remained so until today. In Table 6 we can see a comparison of the historical development of Greece's GDP per capita – as an indication of the development of the productive forces – between 1820 and 1998 with those of other southern European countries, as well as the average of western European states. As we can see, Greece is the poorest country with a per capita GDP of US\$ 11,268 – less than Portugal, Spain and Ireland, and about 63% of the average western European level.

As we have noted above, Greece grew rapidly in the period 1950–73 but grew slower than other European countries for most of the rest of the 20<sup>th</sup> century (see Table 7).

Hence, Greece's standard of living – compared with the European Union – dropped dramatically from the late 1970s. While Greece had an average standard of living of about 83% of the EU level in 1978, this has fallen to about 65% by 2000 (see Figure 11).<sup>138</sup>

This trend remains today as it was. In 2013, Greece was still the least developed country among the traditional capitalist countries in Europe with a productivity level of just 66.9% of the EU-15 average. (See Table 8)

Some bourgeois economists have pointed out that Greece experienced a boom in the 1990s and the first decade of the 21<sup>st</sup> century with growth rates above the EU average. But, as the Greek Marxist academic Stavros D. Mavroudeas and others have pointed out, this "boom" was mostly artificial and was based on cheap loans (mostly from foreign creditors) and financial speculation.

*"Greek capitalism attempted to decisively upgrade its position within the international division of labour by participating in the upper tier of European integration. But this strategic choice was risky since the severe constraints on national monetary, industrial and commercial policies weakened further Greek competitiveness vis-à-vis the euro-core countries which were characterized by productive superiority. In the beginning, these problems were ameliorated by securing – thanks to the euro – cheap credit that promoted an artificial growth. This was boosted further by the organization of 2004 Olympic Games in Athens whose exorbitant and over-priced works bolstered Greek (and western) capitals' profitability but at the same time worsened fiscal deficit. Essentially, whenever capital accumulation faltered the Greek state stepped in and, directly or indirectly, subsidized*

**Table 6: GDP Per Capita (1990 international \$)** <sup>136</sup>

	1820	1870	1913	1950	1973	1990	1998
Greece	666	913	1,592	1,915	7,655	9,984	11,268
Ireland	-	-	-	3,446	6,867	11,825	18,183
Portugal	963	997	1,244	2,069	7,343	10,852	12,929
Spain	1,063	1,376	2,255	2,397	8,739	12,210	14,227
<b>Total Western Europe</b>	<b>1,232</b>	<b>1,974</b>	<b>3,473</b>	<b>4,594</b>	<b>11,534</b>	<b>15,988</b>	<b>17,921</b>

it. The ballooning foreign debt was manageable because of the cheap foreign loans and the relatively high growth rates of the Greek economy. On top of that Greek capitalism, during that period, followed the international trend of aggressively employing credit and fictitious capital expansion. Cheap credit was boosted by euro's low interest rates. The stock market became for a short period a major (but never the dominant) source of enterprise finance, whereas traditionally its role and size were minimal. By artificially (through government policy and bank cartel agreements) lowering interest on deposits to negative real rates, the vast majority of traditional middle-class depositors was pushed to the stock market with the promise of higher returns. It is exactly in this period that the traditional post-war popular and middle-class propensity to save collapses. (...) In toto, there was no significant long-term structural change of the Greek economy along the financialisation lines. The only effect was an artificially boost of capitalist accumulation through fictitious capital and lax monetary policy. (...) All these unsustainable and conjectural factors led to an 'artificial boom' period with better than the rest of the EU growth rates. This 'artificial boom' period had another hidden handicap: there was a steep increase of unproductive activities (particularly around finance and trade) which eroded internally profitability's foundations. To sum up, the period 1985-2007 was marked by capitalist restructuring waves which strived to reverse the falling profit rate trend and the overaccumulation of capital. (...) The 2007-8 crisis ended abruptly this euphoria. The 'artificial boom' collapsed and the lurking behind profitability crisis resurfaced." <sup>141</sup>

The attacks on the working class led to a decline of the share of labor in national income – despite a rise of the number of wage laborers – even before the great crisis began in 2008. Between 1980 and 2007, the labor share declined from about 66% to 58% while capital share followed the reverse pattern, increasing from 34% to 42%. <sup>142</sup>

Figure 12 shows that this decline of the labor share is the continuation of long-term trend which started already in

the later 1960s, as it has been the case in other capitalist countries.

The capitalist crisis has hit the working class as well as the lower strata of the traditional petty bourgeoisie and the rural poor. As a result there has been an important shift in the class configuration in the Greek society since the early 1990s. According to a study of the Greek Marxist Eirini Gaitanou, the working class grew enormously in the past two decades.

"Thus, a new landscape emerges as far as the class structure is concerned, which, according to Sakellaropoulos based on the Greek Statistic Service data for the fourth trimester of 2011 in comparison to those of 1991, consists in:

- 1) an increase of the bourgeois class (3,4% from 1,4%) and of the rich rural strata (0.6% from 0.3%),
- 2) a huge decline of the traditional petit-bourgeois class (10,2% from 21,5%), and of the middle rural strata (2,2% from 3%),
- 3) a small increase of the new petit-bourgeois class (15,2% from 13,2%), due to the increasing demand of their abilities for the achievement of capital profitability, in parallel to an effort of their submission to the most direct capital exploitation and domination,
- 4) an important increase of the working class (62,2% from 47,5%), and
- 5) an important decrease of the poor rural strata (6% from 13,1%).

In any case, what is clear is the tendency of intensification of class polarization, which leads to the adoption of a social structure akin to that of other European countries (small number of farmers and of the traditional petit-bourgeois class, stable presence of the new petit-bourgeois class as the executive organizer of the productive process, broader bourgeoisie and heterogeneous/uneven but numerous working class. However, this overall image is still away from the class structure of most developed countries." <sup>144</sup>

Furthermore, its economic structure remains backward and dominated by small economic units. About 70% of

**Table 7: GDP Per Capita Growth Rates (Percents)** <sup>137</sup>

	1820–70	1870–1913	1913–50	1950–73	1973–98
Greece	0.63	1.30	0.50	6.21	1.56
Ireland	-	-	-	3.04	3.97
Portugal	0.07	0.52	1.39	5.66	2.29
Spain	0.52	1.15	0.17	5.79	1.97
<b>Total Western Europe</b>	<b>0.95</b>	<b>1.32</b>	<b>0.76</b>	<b>4.08</b>	<b>1.78</b>

**Table 8: Gross Domestic Product at Current Market Prices per Capita of Population in 2013** <sup>140</sup>

	(EU-15 = 100)
Greece	66.9
Ireland	118.9
Portugal	71.7
Spain	86.3

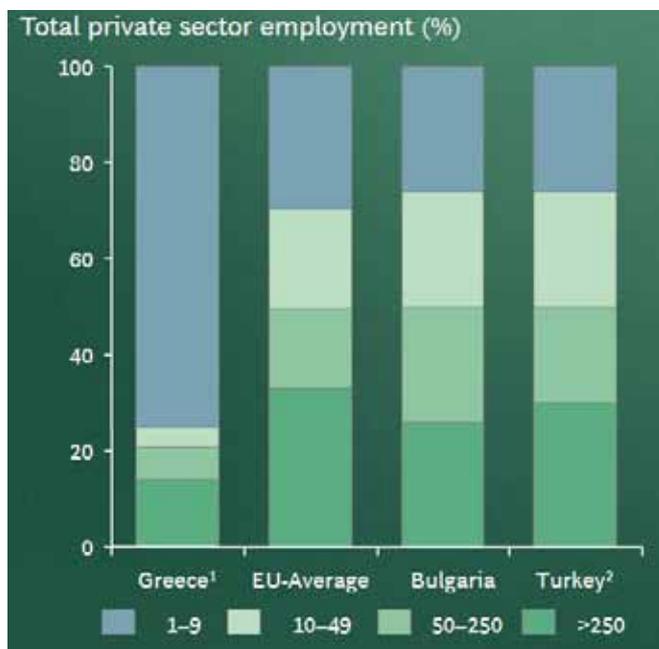
**Figure 11: Greece's Standard of Living Relative to the European Union** <sup>139</sup>



**Figure 12: Labor Share in Business-Sector Value-Added, 1964-1995** <sup>143</sup>



**Figure 13: Breakdown of Employment by Country and Company size**  
(Total private sector employment in %) <sup>145</sup>



private employees in Greece work in enterprises with 1–9 employees (figures for 2009). At the same time only about 15% worked in enterprises of more than 250 employees. This is even more backward than the economic structure of other, poorer semi-colonial countries like Bulgaria or Turkey. (In these countries only about 25% work in small enterprises and about 25–30% in large enterprises; see Figure 13)

Aristos Doxiadis, a liberal Greek economist, writes: *“There is no other European country and no other member of the OECD that has as many self-employed and as many micro-employers as Greece pro rata to its population. In Greece 57% of those employed in the ‘non-financial business economy’ are either self-employed or employed in firms of under 10 employees. The value of this index for EU-27 is 30%. Italy comes second with 47%, Portugal third with 42%. France is at 27%, the UK at 21%, Germany at 18%. Our newest role-model, Denmark, is at 20%. Agriculture, which is not counted in the NFBE, is even more fragmented. In the region of Corinthia, the average grower of Table grapes for export has less than three hectares, and the biggest has less than 20 hectares. The competitors of the Corinthian growers in Murcia, Spain, have over 100 hectares each. It is the same in California, South Africa, Chile, Egypt. In the economy as a whole, businesses of more than 250 employees employ no more than 9% of the labor force; and this includes banks and utilities.”*<sup>146</sup>

According to a study about self-employment in the EU-27 countries (i.e., including the Eastern European EU member states) which used data for 2007, 35.7% of all employed people in Greece were not regular employees, followed by a similarly high level in Romania (33.7%). The EU-27 average was 16.9%. Likewise, self-employed represented 21.2% of all employed in Greece; with Romania coming next with a share of 19.7% (The EU-27 average was 10.5%).<sup>147</sup>

Another indication of the backwardness of Greek capital is the small degree of investment in knowledge-based ventures when compared with other OECD countries. In a list provided by the OECD, Greece ranks last (see Figure 14).

In Figure 15 we see likewise the low level of technology used in the Greek economy compared with other advanced capitalist economies.

This long-standing backwardness of Greece’s economy is the central reason why the country has always received relatively little foreign investment compared with other European countries. Imperialist monopolies clearly have no incentive to invest capital in enterprises with 0–9 employees (see Figure 16)!

In Table 9 we can see how much the role of industry in the country’s capital accumulation process has been reduced between the years 2000 and 2007 (from 13% to 7.8%). At the same time, the role of agriculture rose – in contrast to the long-standing global and historic trend – and the parasitic finance and real estate sectors became dominant.

The increased investment of Greek capitalists in the southern Balkans is certainly an important development which demonstrates Greece’s potential to become a minor imperialist power. However, phenomena have to be viewed always in their totality, i.e., as *“a rich totality of many determinations and relations.”*<sup>152</sup>

In this light we should note, first, that since the onset of the crisis in 2008, Greece’s foreign investment has been declining. Here we should point out a statistical difficulty. Since the onset of the crisis, capital flight has substantially increased in Greece. This very significantly distorts the statistics we have, since such capital flight is often disguised as foreign direct investment. While we don’t have exact figures for capital flight masked as FDI, we do have figures from the recently published report from the

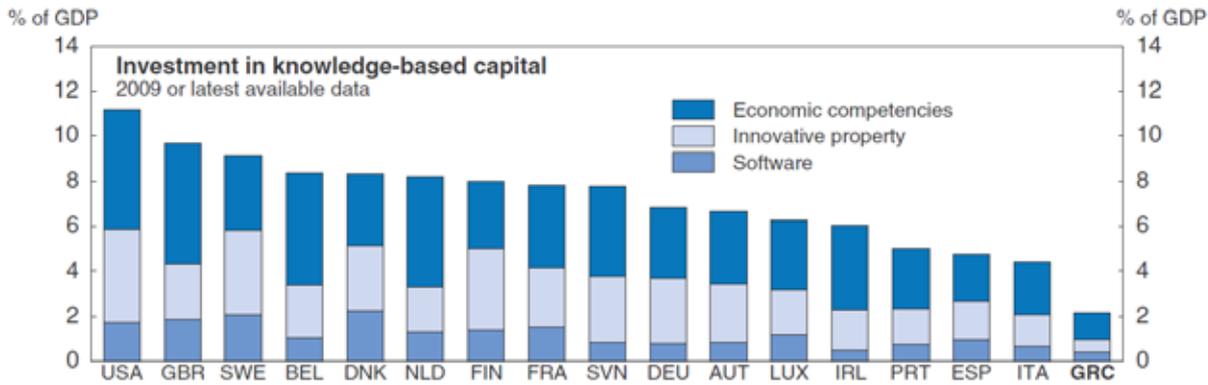
**Table 9: Structure of Gross Fixed Capital Formation in Greece, 2000-2007 (in %) <sup>151</sup>**

<i>Sector of economic activity</i>	<b>2000</b>	<b>2004</b>	<b>2007</b>
<b>Agriculture, etc.</b>	4,2	4,2	5,6
<b>Industry (including energy)</b>	13	7,6	7,8
<b>Construction</b>	1,3	1,2	2,2
<b>Commerce, hotels, transport</b>	20	27,5	24,1
<b>Finance and real estate</b>	37,5	39,9	43,1
<b>Other services</b>	23,8	19,1	16,9

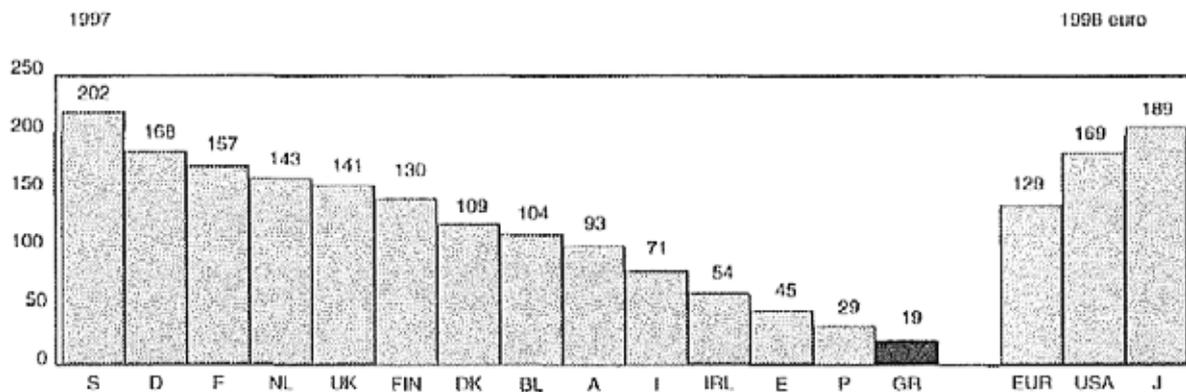
**Table 10: Illicit Financial Outflows of Greece (€ Billion) <sup>153</sup>**

2003	2004	2005	2006	2007	2008	2009	2003-2009
41.2	31.8	0.0	33.0	53.1	2.8	40.5	202.5

**Figure 14: Investment in Knowledge-Based Capital and Employment Allocation in the Manufacturing Sector in Greece, International Comparison, 2009** <sup>148</sup>

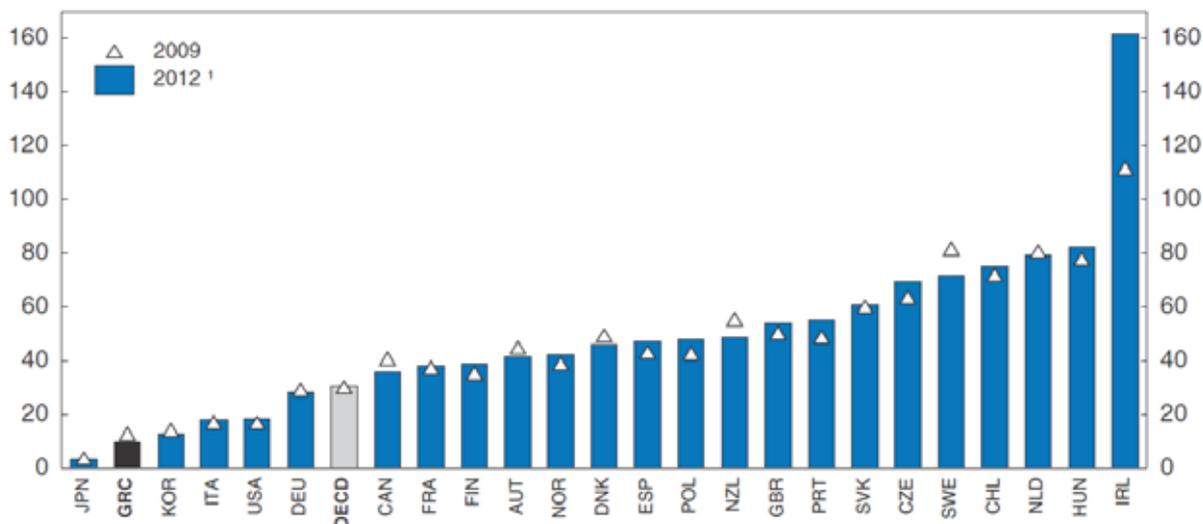


**Figure 15: Technological Capital** <sup>149</sup>  
*Ratio of stock technological capital to GDP, EUR in 1986 = 100*



**Figure 16: Foreign Direct Investment in Greece, International Comparison 2009 and 2012** <sup>150</sup>

*Inward position at year-end, as a percentage of GDP*



*Truth Committee on Public Debt* which was set up by the Greek parliament. According to this report, the cumulative illicit capital outflow from Greece was of €202.5 billion between 2003 and 2009 (see Table 10). Noteworthy is that fact this is the sum of capital flight even *before* the onset of the great recession!

Even the capitalist news agency *Bloomberg* pointed out that the huge proportions of the capital flight started long before SYRIZA came to power. Figure 17, below, shows the estimated three-month cumulative capital flows between Greece and the euro area as a percent of Greek gross domestic product (positive numbers are inflows to Greece).

A second factor germane to our viewing Greece's foreign investment in its totality is that it is relatively small in relation to its total capital accumulation. It is particularly small if we compare the accumulated investments in the Balkans (\$7.2 billion) and the accumulated sum of illicit capital outflows (€202 billion in 2003–2009). Furthermore its outward FDI is usually substantially smaller than its inward FDI. In other words, Greece is very much more a country in which foreign monopolies invest in order to extract extra-profits than an active exporter of capital to other countries in an attempt to do precisely the same.

In Table 11 we can see that outward FDI constituted only a very small section of Greece's capital formation in the 1990s. While this share increased in the first decade of the 2000s it remained relatively small, and capital flight had already started in the later part of that decade.

The low share of outward FDI in the country's capital accumulation demonstrates that Greece's export of capital, and hence the relatively small extra-profits to be can gain from such investments, clearly do not offer much support for any argument which seeks to attribute an imperialist

class character to this country.

In addition, according to UNCTAD calculations, Greece's outward FDI as a share of the country's gross fixed capital formation had in nearly all the years between 1990 and 2012 the lowest percentage compared with that of all other traditional capitalist countries in Europe. This, again, reinforces the position that that Greece has *not* become an imperialist country.

Furthermore, even while Greek capitalists as a class do invest certain sums abroad, they are in most part forced to acquire new external loans as well as sell their enterprises to foreign capitalists to a much higher degree.

The result has been an explosion of debt both in the public and private sectors. The OECD has observed that since 1995 Greek capitalists were increasingly forced to get loans from abroad:

*"Loans to the private sector grew sharply, especially as from 1995, which expanded indebtedness, primarily vis-à-vis foreign creditors."* <sup>156</sup>

The consequences of this large debt were severe. According to the Greek economist Euclid Tsakalotos interest payments had reached the level of over 40% of total revenue by 1994. <sup>157</sup>

In fact, the increasing foreign activities of Greek capitalists went hand in hand with a dramatic increase of their debt to foreign financial institutions. External debt in the private sector increased even more than that of the government. In short, as we can see in Figure 18, external debt grew by more than 100% between 2003 and 2010 to about 185% of the GDP. <sup>158</sup>

Figure 19 demonstrates the rise of Greek debt including the country's external debt in a longer perspective – between 1970 and 2010.

As a result, by the middle of the first decade of the 21<sup>st</sup>

**Figure 19: Economy and Debt of Greece** <sup>160</sup>

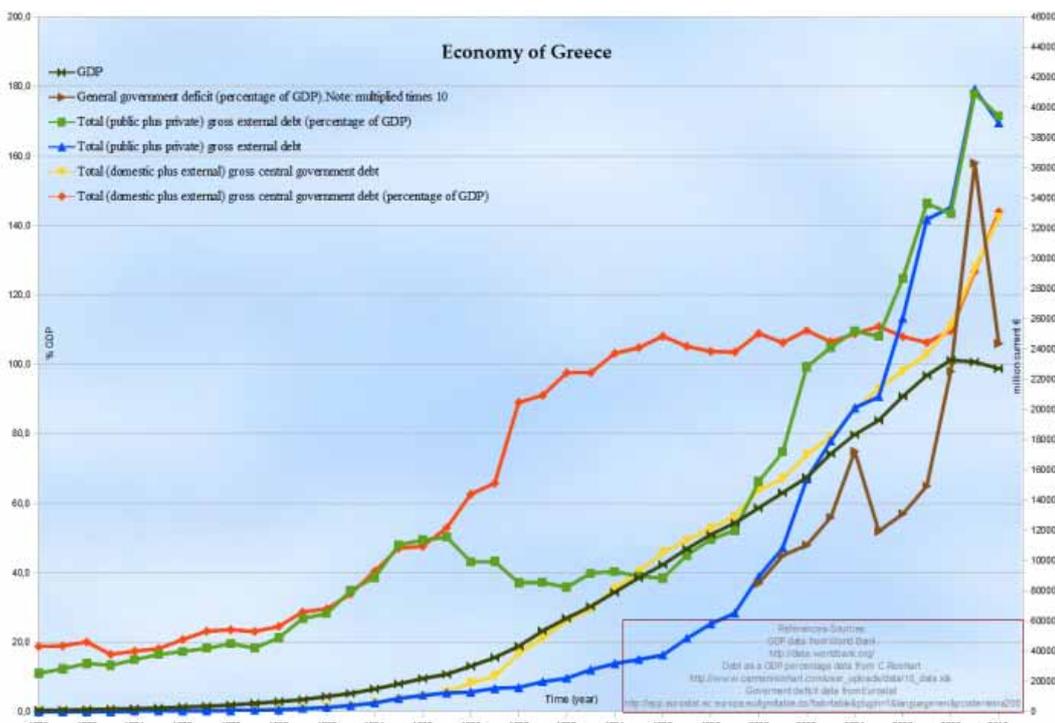
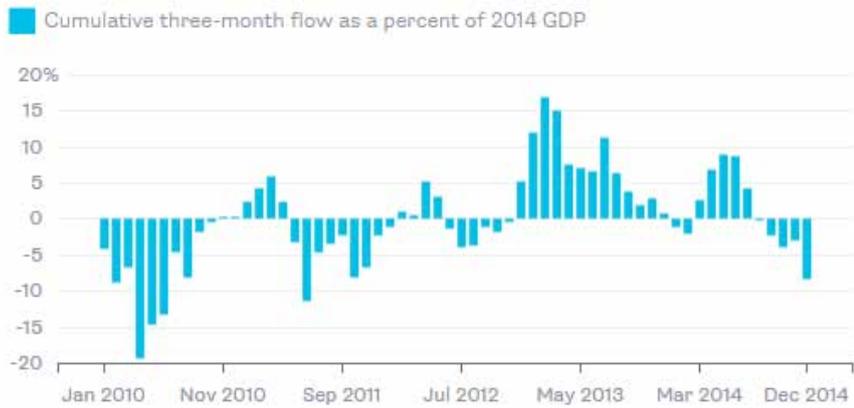


Figure 17: Capital Flight from Greece, 2010-2014 <sup>154</sup>

Capital Flows in Greece



Sources: Bloomberg, Bank of Greece.

BloombergView

Figure 18: Gross External Debt by Sector in 2003 and 2010 (as percent of GDP) <sup>159</sup>

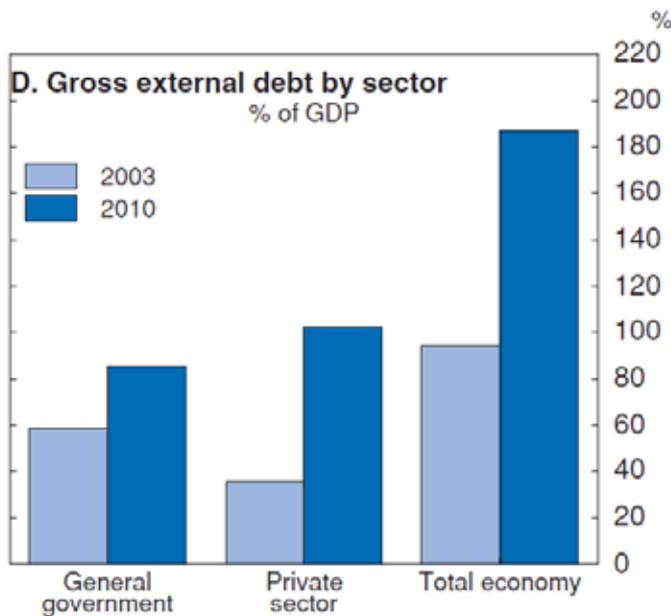
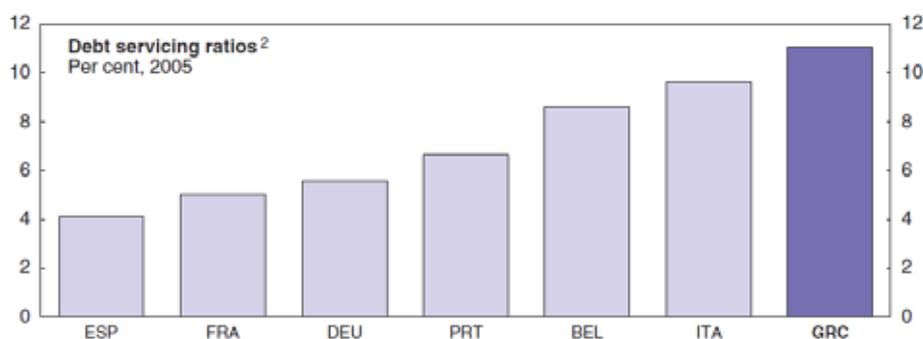


Figure 20: Debt servicing ratios: Net Interest Payments as a Percentage of Current Receipts (Excluding Interest Receipts), 2005 <sup>161</sup>



century, Greece had to pay the highest debt service ratios of any of the traditional capitalist countries in Europe. By 2005, its net interest payments as a percentage of current receipts stood at 11% (see Figure 20).

This was true for the entire period of the so-called “boom” of the Greek economy during which the country had to pay an enormous share of its annual production as interest to mostly foreign imperialist creditors – more than any other European state. The Greek Marxist academic Thanasis Maniatis writes: “Greece is above the European average in all of them since it pays a significant amount (almost double that of the European average) of its product (6.9 per cent of GDP) to its (mostly foreign) creditors in the form of interest. It is interesting to note that interest payments were almost equal to the budget deficits for the entire period meaning that the primary budget was in balance on average all those years.”<sup>162</sup>

In general, the “Greek model” of capital accumulation could only work by means of a never-ending increase in its external debt, because domestic saving was continuously below the level of investment. (See Figure 21)<sup>163</sup>

Naturally, as a result of its model of capitalist accumulation, Greece’s debt could not fail to continuously rise. In 1991 Greece’s public debt was one of the highest in Europe, 70.4% of GDP. In 2001 only Belgium and Italy had higher debts than Greece (100.1%) and since 2007 the latter has surpassed all other European countries.<sup>165</sup>

At the same time, foreign capital became more and more dominant in Greece’s economy. Foreign investment is seldom intended to build new enterprises (called new “Greenfield” investments by bourgeois economists) but rather consisted almost exclusively of mergers and acquisitions of existing Greek firms. Furthermore it is almost entirely directed to non-export industries, such as banks, cement companies and services.<sup>166</sup>

In a few years, from 2000 to 2008, foreign monopolies doubled their share in the banking sector from 20% to 40% (see Figure 22). Other sources claim that foreign ownership of major Greek bank stocks increased to close to 50% in 2007.<sup>167</sup>

In other words, while Greek banks increasingly engaged in foreign activities, they themselves became less and less “Greek” because foreign monopolies bought an ever-

increasing share of their stocks.

Similarly, foreign monopolies are responsible for 27% of employment in corporations with more than 250 employees, 33% of total corporate income tax paid, and the vast majority of corporate profitability. In 2009 foreign-controlled companies accounted for 86% (!) of the net profits of large corporations (more than 250 employees). Again, this share has surely increased dramatically since then. This reflects that Greek capital – outside of the backward, small bourgeoisie – is totally dominated by foreign monopoly capital.<sup>169</sup>

Viewing phenomena in their totality means that we have to compare Greece’s increasing foreign investments with the increasing foreign investments in Greece, as well as the country’s growing external debt. If examine the following Figure 23 we can see that Greece’s net foreign assets (i.e., its total assets minus total liabilities) have always been negative and this trend has dramatically been exacerbated since 2000, placing the country in the worst position from this perspective, with the exception of Portugal, among the western capitalist economies.

Since the OECD figure reproduced here is for the year 2010, we can easily assume that this situation has subsequently worsened during the last five years given the dramatic slump of the Greek economy. While we do not have figures which can be accurately compared to these from the OECD, we do know that, according to Statistics Department of the Bank of Greece, Greece’s long-term Gross External Debt stood in July 2015 at €226.8 billion for loans and another €36.1 billion for debt securities.

Another reflection of this development is the rapid growth of Greece’s current account deficit. By the end of the first decade of the 21<sup>st</sup> century, this already reached nearly 15% of GDP, worse than that of Ireland, Portugal or Spain (see Figure 24).

Finally, it is important to judge the development of a country historically. Greece has always been a dependent, semi-colonial country, albeit with specific features which somewhat ameliorated the overall picture (i.e., the Greek shipowners). In the 1990s and first decade of the 2000s, Greece made headway in transforming itself into a minor imperialist power by exporting capital to

**Table 11: Greece: FDI Flows as a Percentage of Gross Fixed Capital Formation, 1990-2012**<sup>155</sup>

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Inflows</b>	4,9	5,3	5,1	4,9	5,0	4,6	4,1	3,9	0,3	1,9	3,9
<b>Outflows</b>	0,1	-0,1	0,2	-0,1	0,1	0,2	-0,1	0,6	-1,0	1,8	7,6

(Continuation)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Inflows</b>	5,4	0,1	2,7	4,0	1,3	8,6	2,9	6,0	4,0	0,7	2,7	9,5
<b>Outflows</b>	2,1	1,9	0,9	2,0	2,9	6,5	7,2	3,2	3,4	3,1	4,2	-0,1

Figure 21: Saving and Investment Rate in Greece 1995 (Q1) to 2008 (Q4) <sup>164</sup>

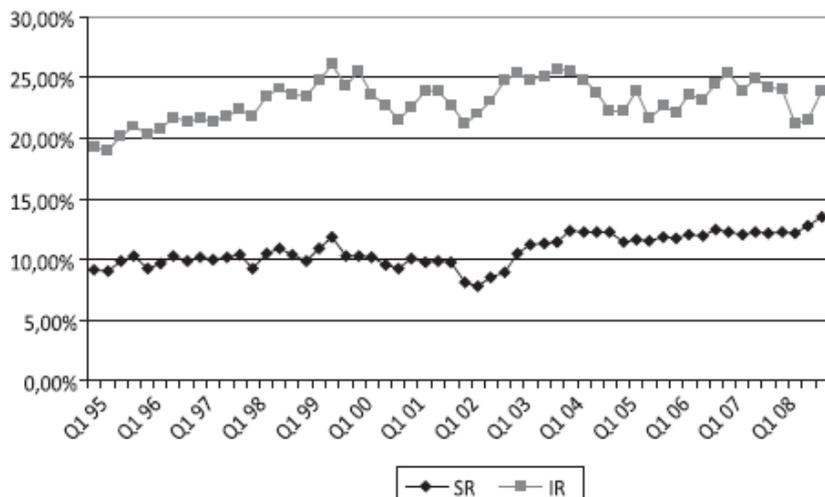


Figure 22: Share of Banking Sector Assets, 2000 and 2008 (in%) <sup>168</sup>

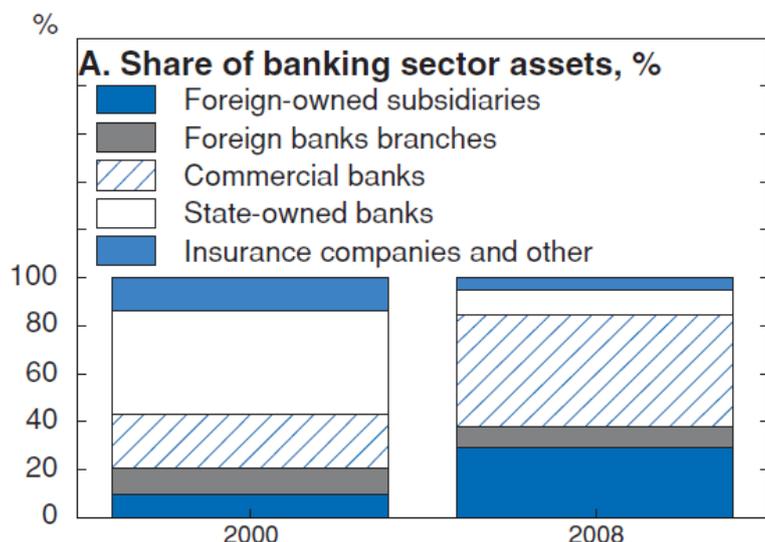
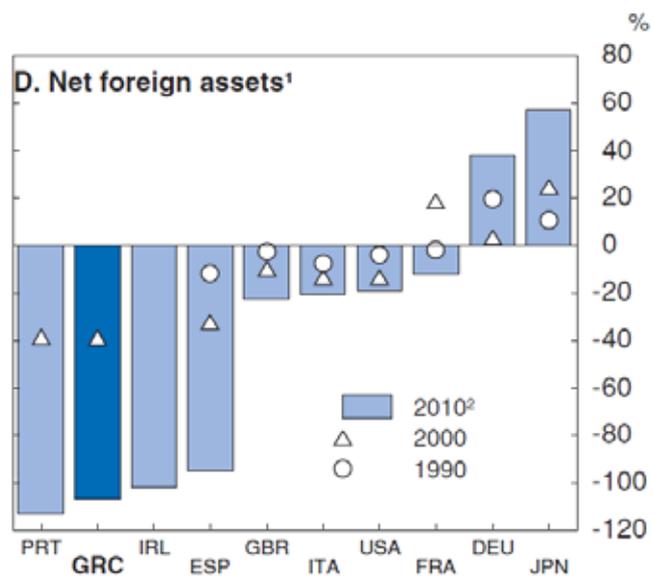


Figure 23: Greek and other OECD Net Foreign Assets <sup>170</sup>



(1) Net foreign assets: Total assets minus total liabilities

some southern Balkan countries and by absorbing huge numbers of migrants. However, Greece's dependence on the imperialist monopolies *also* increased during the same period. Furthermore, the global capitalist crisis since 2008 provides an historical benchmark to evaluate the class character of Greece as a whole. Such historic comparisons are always crucial in discerning potential changes in the class character of a country.

Developments of Greece during the past 7 years have demonstrated beyond a shadow of a doubt that the country has not been strong enough to withstand its complete subjugation by the EU. Greece has been forced to open up its economy, and now even parts of its territory (several islands), to wholesale purchase by foreign investors. Greece has even been formally robbed by the EU troika of its sovereign rights to make its own political and economic decisions.

In short, any imperialist advances made by Greece during the 1990s and up to 2009 were far too little and much too late.

Finally, we should add that the physiognomy of Greece's economy has always been strongly oriented to the needs of the imperialist monopolies, as is illustrated by its focus on commerce, tourism, etc. Likewise, the Greek state apparatus has always been a willing instrument for the plans of the Great Powers as was seen when Venizelos sent his army against Soviet Russia and Turkey, or when Greek troops served Britain in Greece's civil war (1946–49), and later NATO in the Cold War against the USSR.

Nicos Mouzelis has quite rightly stated: *"And of course, one can argue in a similar way if one looks at dependence / dominance relations between Greece and more advanced capitalist countries. As Furtado has pointed out, exploitation and dominance of metropolitan over peripheral countries does not only or necessarily imply greedy foreign corporations taking out of the country more than they put into it, or a local comprador bourgeoisie receiving orders direct from London or New York. The fact, for instance, that Greece has adopted types of technology and consumption that are more appropriate to the developmental requirements of advanced industrial societies, implies a dependence and "disarticulation" of the Greek economy that cannot be overcome by just being "tough" with corporations and other specific interest groups."*<sup>172</sup>

If we recall the categories of imperialist oppression and super-exploitation which we outlined in the first chapter, we can state the following: The Greek bourgeoisie acts like a minor "imperialist" exploiter and national oppressor towards some southern Balkan countries like Macedonia, Albania etc. as well as domestically with its migrants. As a result it does manage to extract some extra-profits via capital export beyond its borders as well as via value transfer from the exploitation of migrants. At the same time Greece is super-exploited and politically oppressed by the imperialist monopolies and Great Powers. Historically, the most significant expressions of imperialist super-exploitation of Greece have been the extra-profits derived from imperialist loans (i.e. money capital) to it, in addition to the transfer of value via the super-exploitation of many Greek migrants in Western Europe, the US and Australia. With the increasing foreign direct investment in Greece, imperialist super-exploitation also took the form of extra-profits via capital export (i.e. productive capital).

There can be no doubt that the gains which Greek

capitalism achieves from its super-exploitation of some southern Balkan countries and the migrants residing within its borders are much smaller and less significant than the huge amount of extra-profits which the imperialists gain from their super-exploitation of Greece. To make an analogy, Greece is like a small peasant who exploits a farm servant and a maid, but who is much more exploited by the banks to which he has to pay most of his income throughout his life.

Hence, we repeat that, in its essence, Greece is an advanced semi-colonial country dominated by and dependent of foreign imperialist monopoly capital.

As we will discuss in Chapter V, these different forms of oppression have important consequences for the revolutionary program in Greece. Clearly Marxists have to fight against the oppression of Balkan countries and the resident migrants by Greek capitalist while, at the same time, defending the country against the imperialist monopolies.

### III.5 Excuse: Nicos Poulantzas' Analysis of the Greek Bourgeoisie as Justification of the Popular Front Strategy

Both sectors of Greek reformism – the pro-EU SYRIZA as well as the "anti-EU"-KKE – follow the classic Menshevik strategy of the popular front. This strategy is based on the notion that the working class should form an alliance with a sector of the bourgeoisie for an extended period. This alliance can even take the form of a joint government, as happened in Russia between March and October 1917, during the years 1936–39 in both Spain and France, and yet again in France in 1981. Not being limited to individual actions but instead involving the implementation of a joint program, such a political alliance inevitably implies the subordination of the working class to the bourgeoisie. If this were not the case, no faction of the bourgeoisie would be prepared to join such an alliance.

The KKE has historically demonstrated this in their alliance with Greek monarchists and British imperialism in the period of 1941–46, as well as their coalition governments with ND and PASOK in 1989–90. SYRIZA, despite being more left-wing while in the opposition, proved to be similar arch-opportunists when they twice formed a coalition government with the right-wing racist ANEL party: in January 2015 as well as in September of this year. Despite their traditional anti-Memorandum demagogy, this SYRIZA-ANEL popular front capitulated to EU imperialism and is currently implementing the Third Memorandum which is the worst austerity and privatization program Greece has ever seen.

These examples are ample verification of the Trotskyists' warning about the danger of the *popular front* strategy. Trotsky emphasized that the working class must struggle *independently* of the bourgeoisie (without excluding specific joint actions with sectors of the petty-bourgeoisie or even, in a semi-colonial country, the bourgeoisie itself against imperialism and its lackeys). Instead of the popular front, Marxists argue for the formation of a *united front* of mass working class and oppressed organizations to mobilize actions against imperialism and the bourgeoisie. Such a strategy calls for sharply criticizing reformist forces with which the united front tactic is adopted whenever the

reformists betray the class struggle.

Leon Trotsky characterized the question of the popular (people's) front as "the main question of proletarian class strategy":

*"The question of questions at present is the People's Front. The left centrists seek to present this question as a tactical or even as a technical maneuver, so as to be able to peddle their wares in the shadow of the People's Front. In reality, the People's Front is the main question of proletarian class strategy for this epoch. It also offers the best criterion for the difference between Bolshevism and Menshevism. For it is often forgotten that the greatest historical example of the People's Front is the February 1917 revolution. From February to October, the Mensheviks and Social Revolutionaries, who represent a very good parallel to the 'Communists' and Social Democrats, were in the closest alliance and in a permanent coalition with the bourgeois party of the Cadets, together with whom they formed a series of coalition governments. Under the sign of this People's Front stood the whole mass of the people, including the workers', peasants', and soldiers' councils. To be sure, the Bolsheviks participated in the councils. But they did not make the slightest concession to the People's Front. Their demand was to break this People's Front, to destroy the alliance with the Cadets, and to create a genuine workers' and peasants' government. All the People's Fronts in Europe are only a pale copy and often a caricature of the Russian People's Front of 1917, which could after all lay claim to a much greater justification for its existence, for it was still a question of the struggle against czarism and the remnants of feudalism."*<sup>173</sup>

The basis of the popular front strategy is the delusion that there exist fundamental, antagonistic contradictions within the ruling class, i.e. between different factions of the bourgeoisie, which would allow the working class to create an alliance with one of these factions without subordinating its own class interests. One of the modern influential theoretician, both in Greece as well as

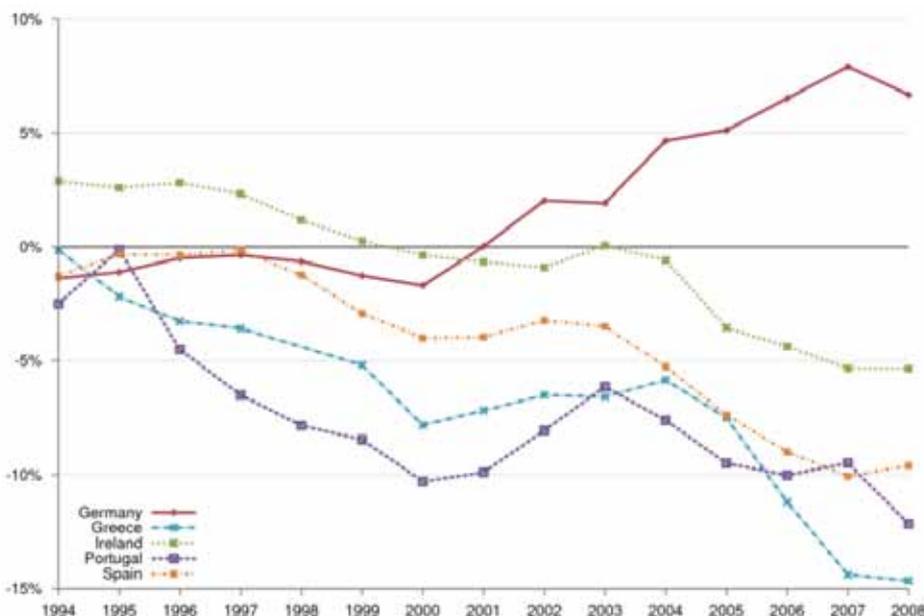
internationally, has been the late Nicos Poulantzas. He was Greek but later moved to France where he lectured at a university in Paris. He was close to the *Structuralist School* of Louis Althusser. Poulantzas was close to the so-called Eurocommunist current – a version of Stalinist reformism which distanced itself from Moscow and the worst manifestations of bureaucratic dictatorship. The Greek *KKE Interior*, which split from the KKE in 1968, stood in this tradition as did the Italian PCI and the Spanish PCE. The *KKE Interior*, by the way, is an important organizational and ideological forerunner of SYRIZA.<sup>174</sup>

At this juncture, we will not deal with the methodological failures of the Althusser School. It wrongly claims to have developed a method of scientific Marxism which can only be taken valid if one images Marxism without dialectics and without materialism.

Rather here we want to focus on Poulantzas' conception of the Greek bourgeoisie. In his book *The Crisis of the Dictatorships: Portugal, Greece, Spain*, published in 1976, he elaborated an analysis of the capitalist class in Greece which served as a justification for the popular front strategy.

*"Within the European arena, Portugal, Greece and Spain in fact exhibit, if in different degrees, characteristic type of dependence in relation to the imperialist metropolises, and to the United States as their dominant centre. (...) This specific form of dependence, which is a function of the particular history of these countries, has two aspects to it: on the one hand, the aspect of an old-established primitive accumulation of capital, deriving in the Portuguese and Spanish cases from the exploitation of their colonies, and in the Greek case from exploitation of the Eastern Mediterranean, which distinguishes these countries from the particular type of dependence of other dominated countries; on the other hand, the blockage, due to several reasons, of an endogenous accumulation of capital at the right time, which*

**Figure 24: Current Account Balance (in % GDP)**<sup>171</sup>



puts them right alongside other countries dependent on the imperialist metropolises in the present phase of imperialism;"<sup>175</sup>

Here we already discern a problem in the starting point of Poulantzas' analysis since at that time he confuses a dependent, semi-colonial country like Greece with an imperialist state like Spain (albeit one weaker than Germany or France) as well as Portugal.

However, the confusion deepens when Poulantzas attempts to artificially divide the Greek bourgeoisie in two different sectors – the "domestic" and the "comprador" bourgeoisie. While he identifies the latter as the classic shipping and financial bourgeoisie which is highly dependent on foreign capital and the Great Powers, he also claims that there is a domestic bourgeoisie focused on the industrial sector.

*"[T]hey [the domestic bourgeoisie, Ed.] are distinguished from the comprador bourgeoisie, which is still very important in these countries. This comprador bourgeoisie (sometimes referred to as the 'oligarchy') can be defined as that fraction whose interests are entirely subordinated to those of foreign capital, and which functions as a kind of staging-post and direct intermediary for the implantation and reproduction of foreign capital in the countries concerned. The activity of this comprador bourgeoisie often assumes a speculative character, being concentrated in the financial, banking and commercial sectors, but it can also be found in the industrial sector, in those branches wholly dependent on and subordinated to foreign capital. In Greece, a typical case is that of shipping (Onassis, Niarchos, etc.), and capital invested in marine construction, petrol refineries, etc. (...) The domestic bourgeoisie on the other hand, although dependent on foreign capital, also has significant contradictions with it. This is principally because it is cheated in its share of the cake, as far as the exploitation of the masses is concerned; the lion's share of the surplus-value goes to foreign capital and its agents the comprador bourgeoisie, at the domestic bourgeoisie's expense. There is also the fact that since the domestic bourgeoisie is concentrated chiefly in the industrial sector, it is interested in an industrial development less polarized towards the exploitation of the country by foreign capital, and in a state intervention which would guarantee it its protected markets at home, while also making it more competitive vis-a-vis foreign capital. It seeks an extension and development of the home market by a certain increase in the purchasing power and consumption of the masses, which would supply it with a greater market outlet, and also seeks state aid to help it develop its exports."*<sup>176</sup>

This separation is completely artificial, as the capitalists investing in local industry are also dependent on foreign capital. We have shown how strong the position of foreign capitalists is in Greece. Naturally, Greek capitalists, often acting as minority shareholders or as subcontractor for multinationals, are extremely dependent on foreign capital. They are similarly so when they are forced to take loans from foreign-owned banks. Furthermore, as we have mentioned before, some industrial investment has also been made by Greek shipowners. In short, the various sections of the Greek bourgeoisie (as is true in all capitalist countries) are strongly interconnected with each other. And in the case of Greece they are all dependent on foreign capital and the Great Powers.

Poulantzas himself comes close to involuntarily acknowledging this. He has to admit that sectors of the "domestic" bourgeoisie are also part of Greece's monopoly capital: *"The domestic bourgeoisie does not fall entirely on one*

*side of the divide between monopoly and non-monopoly capital."* Furthermore *"the domestic bourgeoisie is itself still relatively dependent on foreign capital."* Consequently comes up with the odd assertion that his thesis cannot be proven by facts: *"The distinction between comprador and domestic bourgeoisie, while being based on the new structure of dependence, is not a statistical and empirical distinction, fixed rigidly once and for all. It is rather a tendential differentiation, the concrete configuration it takes depending to a certain extent on the conjuncture."*<sup>177</sup>

At one point Poulantzas was even forced to admit that the entire bourgeoisie including the domestic bourgeoisie and non-monopoly capital supported the military dictatorship: *"We must remind ourselves here that these military dictatorships were not exclusively the representatives of the big comprador bourgeoisie, the oligarchy (big comprador bourgeoisie / landowners) or even, as far as the bourgeoisie is concerned, of monopoly capital alone. Under the hegemony of the big comprador bourgeoisie (in Greece) or the oligarchy in general (in Spain and Portugal), the bourgeoisie as a whole, including the domestic bourgeoisie and non-monopoly capital (not the same thing), continued to form part of the power bloc."*<sup>178</sup>

Thus, Nicos Mouzelis is absolutely correct when he criticizes Poulantzas for the latter's artificial distinction between the different factions of the bourgeoisie and concludes that Poulantzas *"fails to provide any convincing empirical account of the existence of the two fractions at all."*<sup>179</sup>

In passing we note that Poulantzas developed his artificial distinction even further and created an antagonism between Western Europe and the US, not as an inter-imperialist rivalry but rather as a progressive rebellion of Europe against its dependency of Washington. As a consequence, Eurocommunism à la Poulantzas became a social-imperialist adviser to the imperialist EU (or EEC as it was called at that time) against US imperialism!

In order to retain his schema, Poulantzas posits that it was the domestic bourgeoisie – even the monopoly sector of the domestic bourgeoisie – which actively drove forward the process of overthrowing the military dictatorship in Greece in 1974. However, in fact it was the resistance of the working class and the youth – most famously expressed in the heroic *Athens Polytechnic uprising* in November 1973 – which showed the ruling class that the dictatorship had reached a dead end. Often, if the popular struggle against a military regime becomes too strong, the ruling class is willing to dump the junta and accept a bourgeois parliamentary system in order to channel and pacify the working class. Therefore, it is the role of socialists to orient the resistance struggles of the working class, organizing them against dictatorships in as resolutely independent and uncompromising a fashion as possible. Only if the workers and youth topple the ruling junta, only then will the bourgeoisie – both "domestic" and "comprador" – consider a process of "democratization." The classic reformist strategy of winning the sympathy of a section of the ruling class (the "domestic" bourgeoisie) by limiting the working class struggle and its demands will certainly *not* divide the ruling class.

Unfortunately, this is what Poulantzas and his admirers were hoping for: creating an alliance between the domestic bourgeoisies and the popular masses against the comprador bourgeoisie:

*“On top of this, the domestic bourgeoisies sought to win the support of the popular masses and the working class in their own struggle against either a comprador-agrarian bloc (Portugal and Spain) or simply against the comprador bourgeoisie (Greece). For the sake of this, they were ready to pay the price of democratization, particularly as this democratization also met their own aspirations, as the only way to readjust the balance of forces within the power bloc to their relative advantage. It is true that the domestic bourgeoisie only gradually came round to these positions, following the successive defeats of various attempts at normalization that would have permitted it to have the advantages of ending the dictatorship without the associated risks : the increased possibilities for popular struggle in the democratic regimes.”*<sup>180</sup>

For Poulantzas, this bloc must not simply overthrow the dictatorship but rather also participate in the building of a new bourgeois democratic system: *“What we do have in the countries under consideration here, though, is a highly significant phenomenon that bears precisely on these countries’ peculiarities, and basically therefore on the dictatorial form of*

*regime which they have experienced : a genuine tactical alliance between broad sectors of the domestic bourgeoisie and the popular forces on a precise and limited objective, i.e. the overthrow of the military dictatorships and their replacement by ‘democratic’ regimes. We should also remember the other element peculiar to these countries, that it is precisely the monopoly sectors of the domestic bourgeoisie that have been the spearhead of its progressive opposition to these regimes, only drawing after them the non-monopoly sectors.”*<sup>181</sup>

Unfortunately, the Stalinists in Greece, Spain and Portugal followed exactly such a strategy. As a result, the revolutionary situations which arose in the period of the collapse of the military dictatorships in the mid-1970s were not taken advantage of and the working class was ultimately pacified. These defeats were decisive since they stabilized capitalist rule for the next several decades while weakening the working class so that it was unable to stop the bourgeoisie when the latter launched its neoliberal austerity attacks only a few years later (beginning in the early 1980s).

## NEW RCIT PUBLICATION!



## The Origins of the Jews

By Yossi Schwartz, July 2015

**Chapter I: What are the origins of the Jews?**

**Chapter II: The Rise of Anti-Semitism**

**Chapter III: Anti-Semitism and Zionism**

**Chapter IV: The Russian Revolution: Bolshevism, the Bund, and Stalinism**

## IV. The Historic Crisis of Greek Capitalism from 2008 until Today

As we saw in the last chapter, the causes for the historical crisis of Greek capitalism since 2008 lay – apart from the accelerating contradictions of the capitalist world economy<sup>182</sup> – in the failure of the Greek bourgeoisie to overcome its structural weakness during the period which preceded the outbreak of the crisis. Its advances in becoming a minor imperialist bourgeoisie – based on capital it exported to the southern Balkans and an influx of migration at home – were far outweighed by its increasing dominance on imperialist monopolies and the remaining chronic backwardness of Greek capitalism. In this chapter we will analyze more in detail how the collapse after 2008–10 reinforced the semi-colonial features of Greece, proving that the advances which the Greek bourgeoisie made in the two previous decades were insufficient to overcome its dependent, subordinate status.

### IV.1 Destruction of Greek Economy by the Imperialist Monopolies and Great Powers

As is well known, the crisis has had devastating consequences for Greece in general and for the Greek working class in particular. During these years of austerity, Greek economic output has dropped by 26% (see Figure 25). Between 2009 and 2013, GDP per capita decreased by 22%.<sup>183</sup>

Such a steep decline is unique for Europe and can only be compared with the period of the Great Depression of the 1930s when the US economy shrank by a similar volume: 26% between 1929 and 1933.<sup>185</sup>

As we already stated above, the fundamental cause of this current slump can be found neither in the financial/speculative sphere nor in consumption or commerce, but in the sphere of production, i.e., the sphere where capitalist value is created. As demonstrated in Chapter III.1, the inherent historic tendency of the rate of profit to fall can be also observed in Greece. Hence the slump did not result from sudden changes in the financial sphere or policy decisions, but was rather caused by the failure to restore the rate of profit in the 1980s and 1990s after the previous dramatic decline.

Thanks to several Marxist economists, we possess a clear picture about the development of the rate of profit in Greece. The Marxist economist Michael Roberts has provided some useful statistics on this issue demonstrating a fall in Greece's rate of profit since 2006. (See Figure 26)

The Greek Marxist academics Thanasis Maniatis and Costas Passas have recently published a extremely interesting study about the long-term development of Greek capital accumulation since 1958. They demonstrate that, despite various neoliberal measures like increasing private and public debts, Greek capital was unable to substantially reverse the fall of the profit rate (see also Figure 27). They conclude:

*“In analysing the development of the post-war Greek economy and tracing the roots of its current crisis, the examination of the behaviour of the profit rate and other Marxian variables is of the utmost importance. This study examines these variables. The different phases of the capital accumulation process are distinguished and analysed according to the movement of the profit rate. The ‘golden age’ of the 1958–74 period of high profitability and strong growth was followed by the stagflation crisis of the 1970s and early 1980s. After 1985 and especially after 1991 the ‘neoliberal solution’ to the crisis resulted in a modest recovery of profitability, capital accumulation and output growth based exclusively on the huge increase in the rate of exploitation for labour. When the stimulus to aggregate demand provided from personal consumption driven by debt and ‘wealth effects’, and state deficit spending was removed, the underlying structural crisis in the real economy manifested itself fully from 2009 until today. Thus, the insufficient recovery of profitability during the neoliberal era appears to lie at the core of the economic difficulties currently encountered by the Greek economy.”<sup>187</sup>*

In 2012 Greek workers suffered a decline of 23.2% in their real wages. The government has eliminated 150,000 jobs in the public sector. The unemployment rate increased from around 8% in 2008 to 28% in mid-2013. Today unemployment among youths stands at 58.3% and total unemployment is officially 27.5%. These are clearly bureaucratically embellished figures, since the employment rate of the economically active population (i.e., those who have a job among the 25–64 year old population) dropped from 61.9% (2008) to 49.4% (2014), i.e., less than half of this population! (By way of comparison the figures are 71.9% for Britain and 61.7% for Portugal)

Under the dictates of the imperialist powers, Greek governments have been ordered to destroy the country's social benefit and health care systems. These attacks on the working class went hand in hand with the destruction of huge sectors of the urban petty- and small-bourgeoisie.

The Greek economist Valia Aranitou reports: *“The traditional petty bourgeoisie lost more than 40% of its staff, while another 40% of the remaining sit around unable to pay their obligations, since apart from shrinking demand there wasn't any liquidity coming from the banks. The difficulties faced by small business are reflected among other things in more than 3,000 recorded suicides due to business debt.”<sup>189</sup>*

According to the same author the number of self-employed and small business employers has decreased dramatically. Small enterprises are shrinking dramatically. In 2006 (the year during which the last official census was conducted), there were 923,000 small- and medium-sized Greek enterprises in all sectors. According to estimates, in 2013 the number of these sized enterprises was marginally higher than 531,059, less than 58% of the figure from seven years earlier (see Table 12).

Figure 25: Greece: Decline of GDP during the Great Recession, 2007-2015 <sup>184</sup>

Greece - GDP (Q1 2007=100)

Quarterly data (Eurostat)

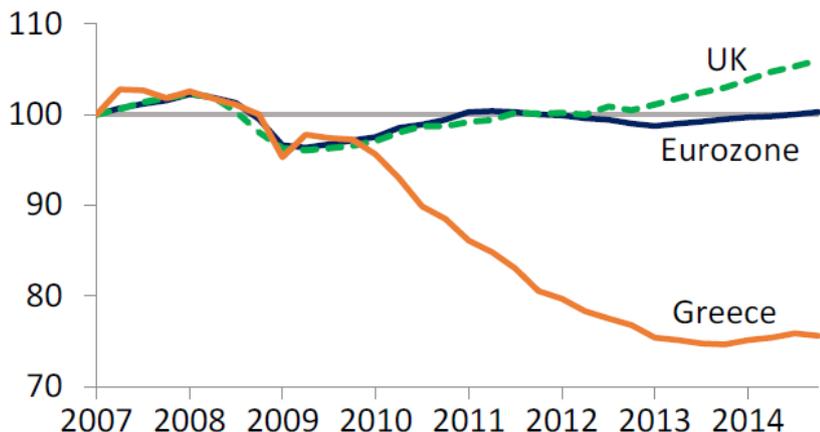


Figure 26: Greece: Net Return on Capital, 1999-2015 <sup>186</sup>

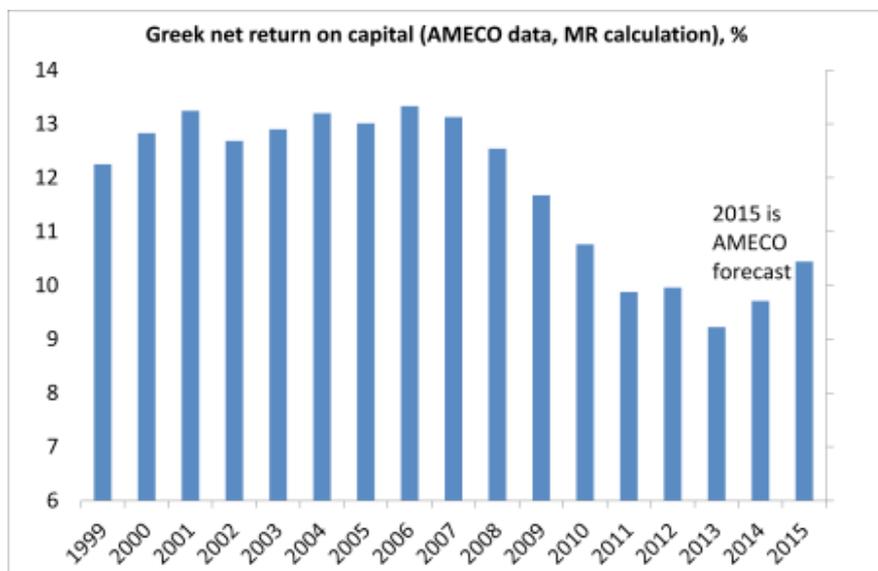


Figure 27: Greece: Rate of Profit, 1958-2011 <sup>188</sup>

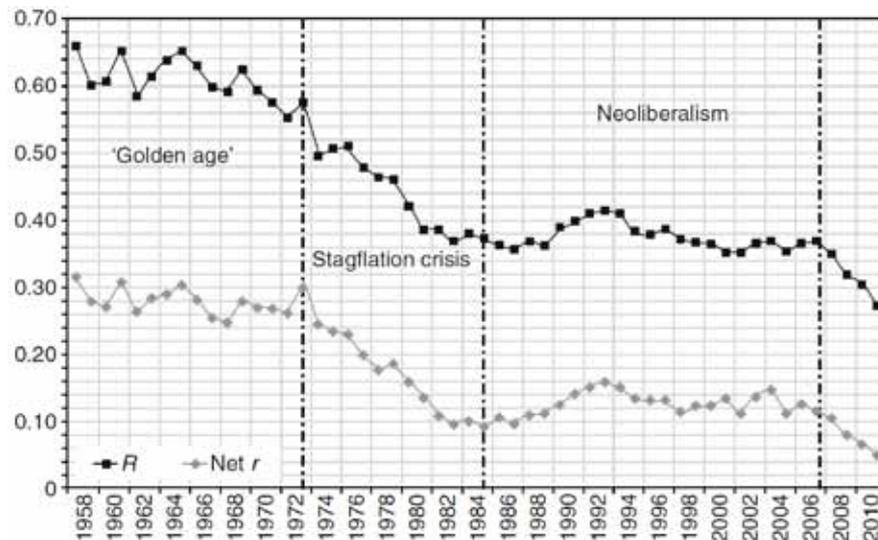


Figure 6.1 The general Marxian (R) and the net profit rate (r), 1958-2011.

During this same period, the proportion of bad business loans out of total lending soared to 33.8% in the 1st quarter of 2014 compared to only 4.3% in 2008. By June 2014, the IMF estimated that 40% of all loans provided by Greek banks at the end of 2013 were non-performing.<sup>191</sup>

At the same time, EU imperialism has ensured that the Greek governments agreed to privatize the remaining public enterprises and even to sell parts of its territory (up to hundreds of Greece’s pristine islands). It is only logical that this will further increase enormously the dominance of foreign monopolies over the Greek economy.

**IV.2 Explosion of Debt and Greece’s Near Total Dependency of the Imperialist Powers**

As we have already stated, the crisis period since 2008 has substantially increased Greece’s financial subjugation to the imperialist monopolies and the EU. In Figure 28 we can see the massive increase of Greece’s deficit between 1980 and 2014.

Greece’s public debt rose dramatically from 113% of GDP in 2009 before the onset of the country’s crisis to over 175% of its GDP, or €317 billion, in 2014. As a result Greece’s stock of debt is the second highest in the world.

According to the progressive economist Eric Toussaint, some 80% of Greek public debt was held by the private banks of seven EU countries in 2009. Fifty percent was held by French and German banks alone.

The intervention of the EU ensured that the private banks were bailed out and that financial institutions, first and foremost the European financial institutions, took over Greece’s debt. This can be seen in Figure 29 and 30.

Therefore, at least 56% of the country’s total government debt is in hands of foreign imperialist institutions.<sup>195</sup>

We get the same picture if we look at the development of the holdings of sovereign bonds by domestic and foreign owners. Since the middle of the first decade of the 21<sup>st</sup> century, the share of foreign ownership has usually been between 60% and 77%. (See Figure 31)

A brief historical review shows that such a dominance of public debt by foreign owners is atypical for imperialist states but rather characteristic of semi-colonial countries. A team of economists working for the IMF have presented an historical study in which they examined the national composition of public debts of “advanced economies” (i.e. imperialist countries). They conclude:

*“The data confirm that the bulk of advanced economies’ debt*

*was and is denominated in local currency barring a few periods and countries. Debt issued in foreign currency accounted for less than 5 percent of central government debt prior to World War I. It climbed to a peak share of 17 percent by the end of the post-World War I consolidation period—as the U.S. extended loans to its European allies to finance relief and reconstruction efforts. It fell during the Great Depression, in part reflecting relief provided in 1934 on the U.S. loans and World War II, consistent with the end of the first era of globalization. There is a final spike in the share of foreign currency debt in the immediate post-World War II period, in Germany in particular, but this share declines from around 8 percent in late 1950s to a negligible level today.”*<sup>197</sup>

Figure 32 gives a more detailed presentation of the authors conclusion.

Yannis Ioannides, another Greek economist, presents data which suggest that 2/3 to ¾ of the Greek government’s debt was owned by foreign creditors as early as the period of 2007-2011 (See Figure 33).

In Figure 34 we can see the financial exposure of imperialist banks to the risk of Greece defaulting on its debt as well how the brunt of the risk has been removed from the imperialist banks due to the intervention of the EU Troika in the last years.

In short, Greece’s debt is extremely high and the country is completely dependent financially on foreign imperialist creditors. Greece’s nature as a semi-colonial country is stronger than ever.

In addition, foreign monopolies are taking advantage of the present situation to cheaply snap-up Greek companies and public national assets. This has led to the situation were, in addition to the traditionally dominant US and EU corporations, Chinese monopolies are also increasingly investing in Greece. In November 2008, the Chinese state-owned company — China Ocean Shipping (Group) Company (COSCO) — made one of the biggest investments ever made in Greece when it signed a concession agreement for operating and developing Piers II and III of the Port of Piraeus. The increasing role of Chinese imperialism is assisted the close relations that Greek shipping magnates have cultivated with Beijing in the past decade.<sup>201</sup>

Finally, mention should be made of the fact that the co-called “bailout” by the EU, ECB and the IMF went nearly entirely into the pockets of private banks and speculators. The *Jubilee Debt Campaign* reports:

*“It is not the people of Greece who have benefitted from bailout*

**Table 12: Evolution of Small and Medium Enterprises (SMEs) Number in Greece, 2006-2013**<sup>190</sup>

Greece	2006	2010	2011	2012	2013
Number of SMEs	923,000	745,677	727,883	578,534	531,059

Figure 28: Accumulated Greek Deficit 1980–2014 <sup>192</sup>

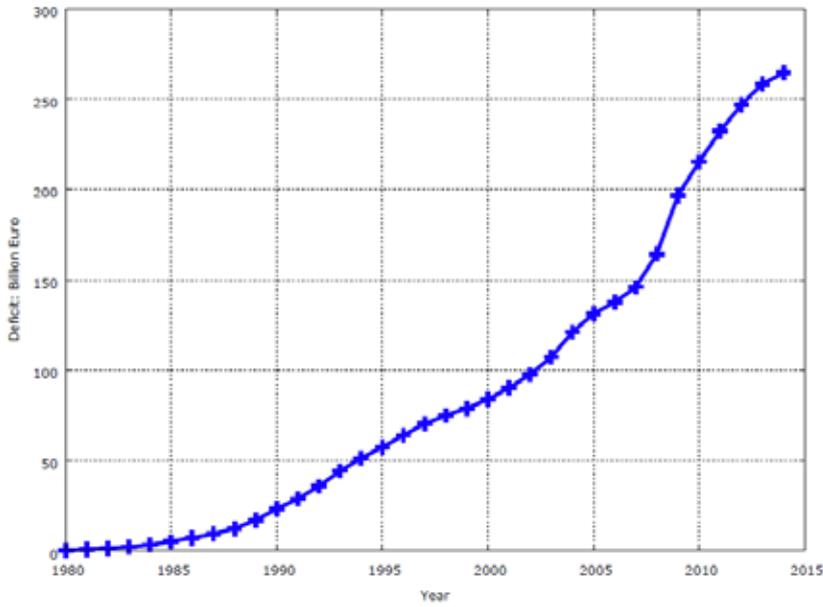


Figure 29: Greek Debt, October 2011: 350 Billion Euro <sup>193</sup>

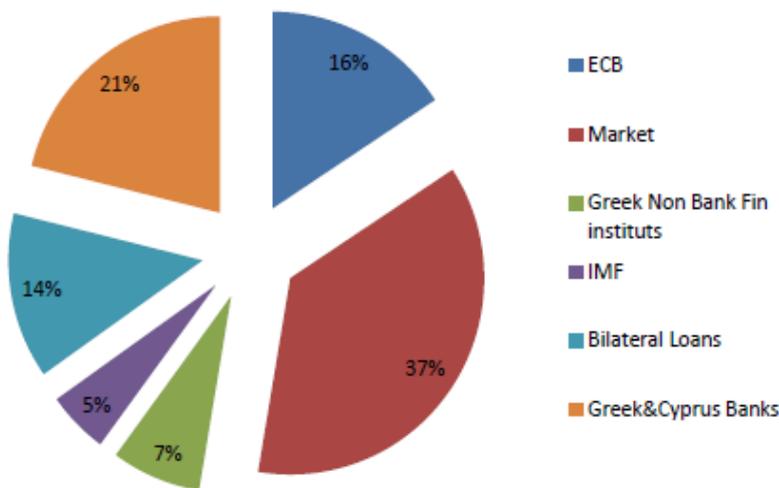
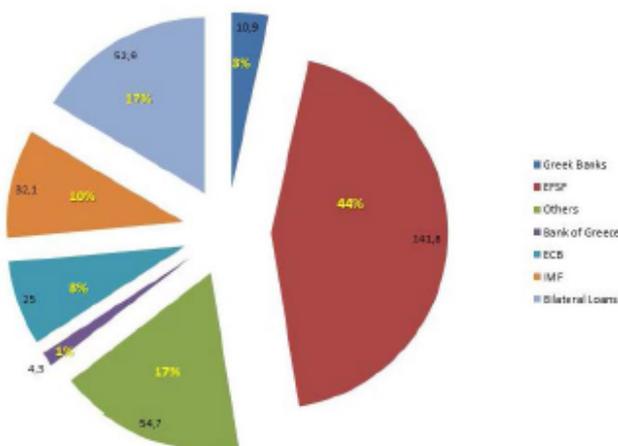


Figure 30: Greek Debts—in the End of the Year 2014—321,7 Billion Euro <sup>194</sup>



loans from the IMF, EU and European Central Bank, but the European and Greek banks which recklessly lent money to the Greek State in the first place. When the IMF, European and ECB bailouts began in 2010, €310 billion had been lent to the Greek government by reckless banks and the wider European financial sector. Since then, the 'Troika' of the IMF, EU and European Central Bank have lent €252 billion to the Greek government. Of this, €34.5 billion of the bailout money was used to pay for various 'sweeteners' to get the private sector to accept the 2012 debt restructuring. €48.2 billion was used to bailout Greek banks following the restructuring, which did not discriminate between Greek and foreign private lenders. €149.2 billion has been spent on paying the original debts and interest from reckless lenders. This means less than 10% of the money has reached the people of Greece. Today the Greek government debt is still €317 billion. However, now €247.8 billion – 78% of the debt – is owed to the 'Troika' of the IMF, European Union and European Central Bank, i.e., public institutions primarily in the EU but also across the world. The bailouts have been for the European financial sector, whilst passing the debt from being owed to the private sector, to the public sector." <sup>202</sup>

### IV.3 The EU-Troika: Greece as a De-Facto Colony of EU-Imperialism

In recent years, Greece has been forced by EU imperialism to relinquish more and more of its sovereignty. In Figure 35 we can see that about €237 out of €320 billion are in the hands of European imperialist financial state institutions and the ECB.

With the Third Memorandum, signed by the left-reformist SYRIZA-led government in the summer of 2015, this neo-colonization of Greece reached a high-point. Immediately on page 1 of the Third Memorandum, things are made clear:

*"The Government commits to consult and agree with the European Commission, the European Central Bank and the International Monetary Fund on all actions relevant for the achievement of the objectives of the Memorandum of Understanding before these are finalized and legally adopted. [...] The conditionality will be updated on a quarterly basis."* <sup>204</sup>

In short, the Greek government is obliged to get the approval of the EU-Troika before it is allowed to call for a vote in Parliament on all relevant economic and social provisions it wishes to legislate! More than anything else, this provision demonstrates more clearly the political subjugation of Greece to the dictates of the imperialist EU, making it irrefutably a semi-colonial country.

The Third Memorandum also dictated to the Greek government that it must raise VAT to 23%, cut public-sector wages and benefits, increase the retirement age to 67, cut pension payments, undertake massive privatizations and set up a new fund to manage the sell-off of the country's state-owned assets. While this last-mentioned fund is technically run by the Greek government, it is actually "supervised" by the "relevant European institutions."

For example, as part of this program the Greek government was forced to lease to the German monopoly *Fraport*, 14 airports until the year 2055, including those of Thessaloniki as well as crucial islands for the tourism industry like Rhodes, Korfu and Kos. <sup>205</sup>

### IV.4 Excuse: The KKE and the Class Character of Greece

Let us now briefly deal with some arguments of the Greek left – in particular of the Stalinist KKE which remains a mass reformist party of the workers' movement. Naturally, the RCIT rejects the position of the KKE-leadership, which has recently made an analytical about face, and now claims that Greece is a normal imperialist country. As is well known, until a few years ago the Greek Stalinists have historically been "left" patriots who viewed the country as a colony of US and EU imperialism, as an adaptation to Greek chauvinism.

Today the KKE leadership states exactly the opposite. In its new program, adopted in 2013, the KKE writes: *"Capitalism in Greece is in the imperialist stage of its development, in an intermediate position in the international imperialist system, with strong uneven dependencies on the USA and the EU. (...) The participation of Greece in NATO, the economic-political and political-military dependencies on the EU and the USA limit the room of the Greek bourgeoisie to manoeuvre independently, as all the alliance relations of capital are governed by competition, unevenness and consequently the advantageous position of the strongest; they are formed as relations of uneven interdependence."* <sup>206</sup>

In short, the KKE claims that Greece is a minor imperialist state. KKE leaders have defended this position in various articles. Aleka Parariga, the KKE General Secretary until recently, wrote:

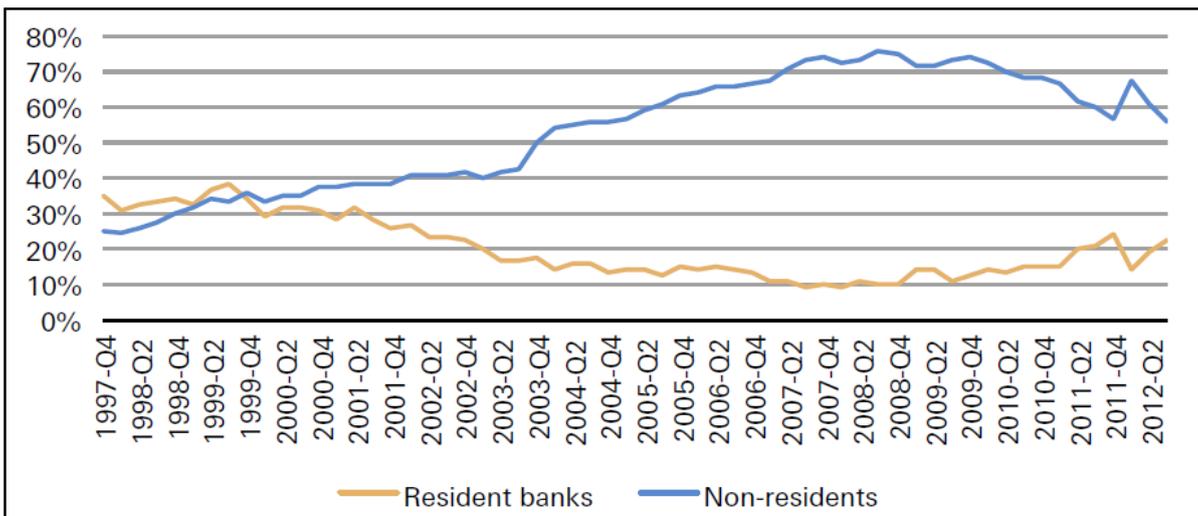
*"The basic position of opportunism in Greece is that the country is under German occupation, that it is being transformed or has been transformed into a colony and is being plundered primarily by Mrs. Merkel, the creditors. The triad of the representatives of the EU, the European Central Bank and the IMF which supervise and determine the management of the internal or external debt, the fiscal deficits is seen as the main enemy apart from Germany itself. They accuse the bourgeois class of the country and the governmental parties as being treacherous, unpatriotic, subordinate and subservient towards Germany, the creditors or the bankers.*

*Those who talk of subordination and occupation do not acknowledge the export of capital from Greece (a characteristic feature of capitalism in the imperialist stage), which was significant before the crisis and continues undiminished in the conditions of the crisis. The export of capital is being carried out for productive investments in other countries and of course in European banks until conditions are formed so that they can re-enter the process of ensuring the maximum possible profit. They see a shortage of capital and not over-accumulation.*

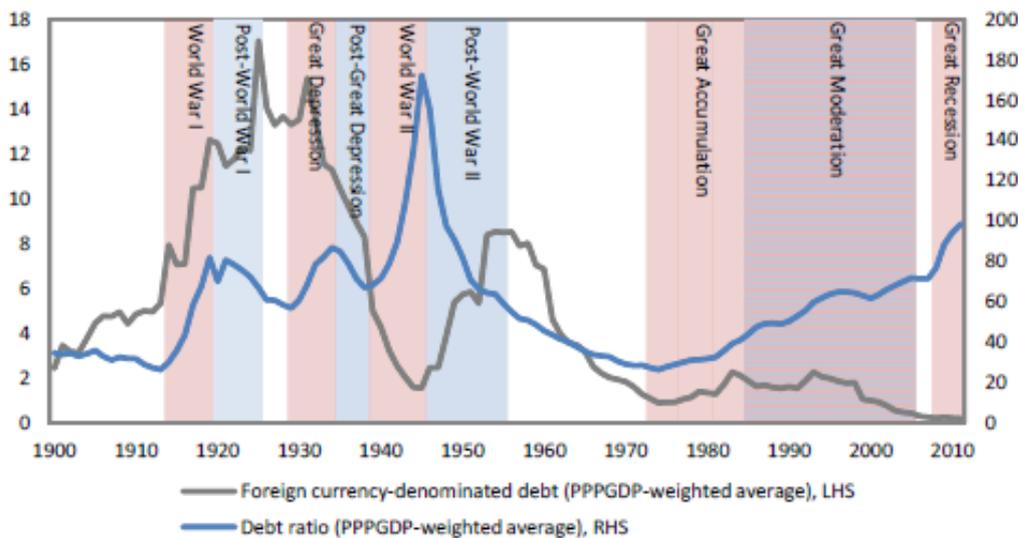
*They do not see the issue of over-accumulation because they will be forced to admit the character of the capitalist economic crisis, something which blows to smithereens their pro-monopoly political proposal. The bourgeois parties as well as the opportunists, despite the various differences they have, support the safeguarding of the competitiveness of the domestic monopolies which inevitably brings the reactionary restructurings to the forefront, ensuring cheaper labour power, intensification of state intimidation, repression and anti-communism, and at the same time particularly focus on expanding Greek capital in the wider region (the Balkans, the Eastern Mediterranean, the Black Sea area). This is amongst other things a vicious circle which leads to a new and deeper crisis cycle.*

*Lenin and his work on imperialism adds that the comparison*

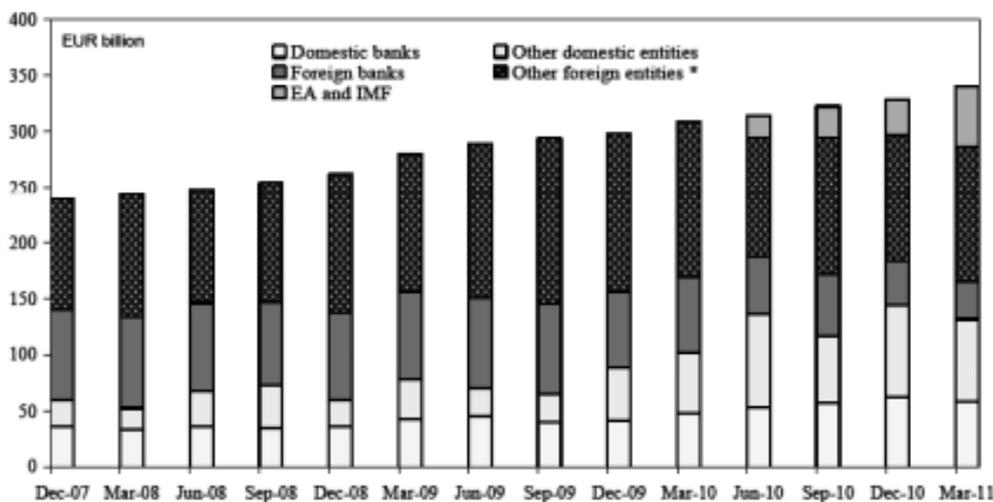
**Figure 31: Greece: Holdings of Sovereign Bonds by Domestic Banks and Non-Residents as a Percentage of Total MFI Assets** <sup>196</sup>



**Figure 32: Share of Foreign Currency Debt in Central Government Debt, 1900-2011** <sup>198</sup>



**Figure 33: Who Owns Greek Government Debt? (2007-2011)** <sup>199</sup>



*cannot be made between developed capitalist countries and backward capitalist countries but between capital exports, an issue which opportunists everywhere do not want and do not dare to acknowledge because their view regarding the occupation of Greece, that Greece is a colony, is refuted by this criterion alone. (...)*

*Consequently the position of the KKE that Greece belongs to the imperialist system, is organically incorporated and plays an active role in the war as an ally of the leading players is absolutely vindicated. This is the choice in the interests of the bourgeoisie that has twice invited British and US imperialism to smash the armed people with military forces, weapons and direct military operations.”<sup>207</sup>*

Other KKE leaders try to downplay Greece’s dependence of the imperialist monopolies by claiming the banal truth that in the age of imperialism, all countries are dependent on each other (“interdependence”). Thus wrote the then member of the KKE’s Politbureau, Stefanos Loukas:

*“We refer to the issue of dependence as of the interdependence of capitalist states and their dialectical relation to the economic basis of capitalism. At a political level and even more so in international relations it is wrong to attribute the causes of popular problems to “dependence”, or to speak of the possibility of their appeasement when there is no “dependence” (even outside interstate unions bilateral relations are determined by the “power” of monopolies), without disclosing the primary causes, which are capitalist production relations.”<sup>208</sup>*

And another KKE member made things as clear as possible: *“Greece is economically and politically fully developed monopoly capitalist country. (...) Greece is a monopoly capitalist country, because the most important means of production and the central power structures are in the hands of financial – or in general big – capital. Even if the degree of monopolization seems small to some, at least the political power is clearly as visible as in any other developed imperialist country. (...) Another fact is that the strategic interests of Greek big capital are allied with the EU and the US.”<sup>209</sup>*

There are also various centrists who claim that Greece is a minor imperialist or a “sub-imperialist” country.<sup>210</sup> We think that a number of Greek socialists characterize their country as “imperialist” as a result of their desire to oppose Greek chauvinism as well as the pathetic popular-front policy orientated towards a Phantom national bourgeoisie. While we strongly share this desire to oppose the political and economic interests of the Greek bourgeoisie, we think it is scientifically wrong from a Marxist point of view to characterize Greece as an imperialist or sub-imperialist state. Furthermore it opens the door to a series of mistakes in the field of tactics in the class struggle.

In the case of the KKE, their turnaround was not motivated by any new insights or a principled opposition against the Greek opposition. Their history is characterized by a desire to collaborate with “democratic,” “anti-fascist,” or “national” sections of the bourgeoisie – a chase after a phantom with devastating consequences for the Greek working class. The most visible results were the betrayal of the resistance struggle in 1944–46 and their entry into coalition governments with the conservative ND as well as with the latter and PASOK in the period 1989–90. The real motivation of the KKE leadership’s about face is rather their bureaucratic need to justify their rejection of any united front tactics towards SYRIZA (whose ideologists traditionally have shared the thesis of Greece

as a dependent country).

As we demonstrated in this publication the Greek bourgeoisie indeed has some “imperialist” features (its strength in commercial shipping, its capital export to the southern Balkans, the significant number of migrants in Greece). But these factors are vastly overshadowed by Greece’s centuries-old domination by imperialist monopolies and Great Powers – a status which has even been reinforced during the past decade. Yes, Greek capitalists have exported some capital abroad but at the same time foreign capitalists buy up Greek companies to a much larger degree. Furthermore, Greece is super-exploited due to its extremely high external debts to imperialist banks. As a result, Greece has the worst negative account of net foreign assets in Europe (together with Portugal).

The KKE’s bizarre position flies in the face of its assessment in the party’s previous program, adopted in 1996. At that time the KKE saw Greece as a “dependent country” which was “controlled by international monopoly capital”:

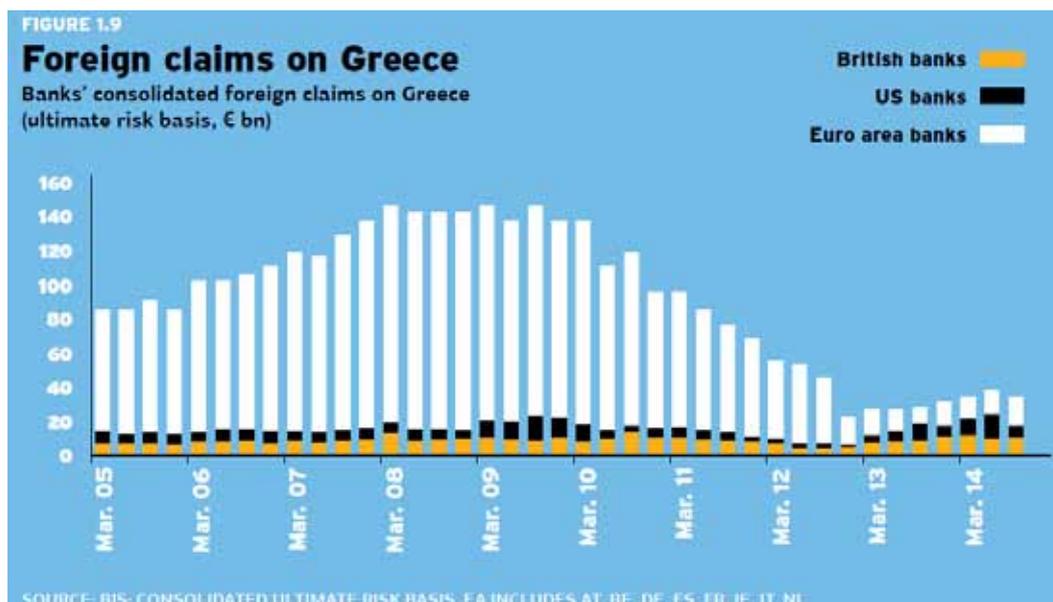
*“Greece is in an intermediate and dependent position in the world imperialist system. There are historic reasons for this: the slow and difficult beginning of capitalism in Greece, which took place under the direct economic, political and military involvement of powerful capitalist states and under conditions of dependence on foreign capital. Monopoly capitalism appeared in Greece later than in the developed capitalist countries, and after the international imperialist system had already been created, with the result that it rested on a relatively low material and technical base. In the post-dictatorship years, state monopoly capitalism developed further, dependence on foreign monopoly capital and international imperialism grew. (...) International monopoly capital controls the Greek economy and its main sectors of activity. (...) The Greek people will be delivered from the bonds and effects of capitalist exploitation and of imperialist oppression and dependence when the working class and their allies bring about the socialist revolution and proceed to building socialism and communism.”<sup>211</sup>*

It is absurd in the extreme that the KKE made a 180 degree reversal of its position on Greece’s class character in 2013, by which time Greece was far more subjugated by international finance capital and the EU-Troika than in 1996!

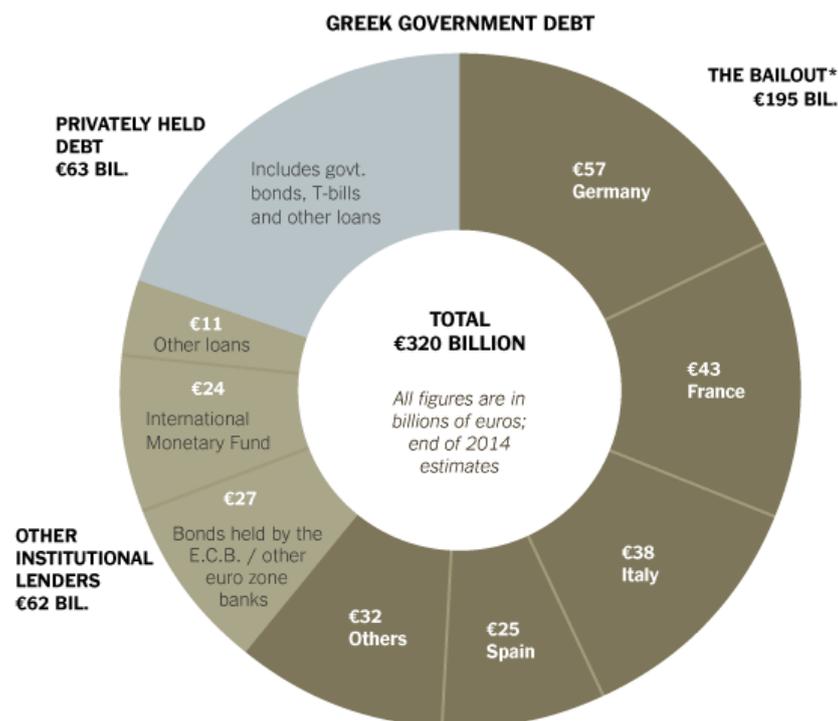
In conclusion, the KKE-leadership has also changed its tactical position towards membership in the EU and the Eurozone. While it advocated leaving the EU and the Eurozone in the past, today it declares that it would consider an exit from the Eurozone as “catastrophic”: *“... although her party is in general in favour of Greece’s disengagement from the EU, a solution outside the euro and return to the drachma in the present circumstances would be catastrophic.”* (Aleka Papatrifa in the KKE’s daily paper “Rizospastis”, 31/5/2011, p.6).<sup>212</sup>

Hence, we see despite all their consequential denunciations of SYRIZA as a party serving the European imperialists, the KKE-leadership itself – while being opposed to the EU “in principle” – today shies away from calling for Greece’s exit from the EU and the Eurozone! Neither did it call for such an exit in its program of 2013.

**Figure 34: Foreign claims on Greece** <sup>200</sup>  
*Banks' consolidated foreign claims on Greece (ultimate risk basis, € bn)*



**Figure 35: Who Owns Greek Government Debt? (End of 2014)** <sup>203</sup>



\*European countries lent to Greece through two newly created institutions — €53 billion through the Bilateral Loan Facility and €142 billion through the European Financial Stability Facility. These are in addition to each country's contribution to the I.M.F.

Sources: Deutsche Bank; I.M.F.; Reuters; Bloomberg

## V. Programmatic Conclusions

We will now come to the programmatic conclusions of our study on Greece as an advanced semi-colony with specific features. This is not the place to elaborate a full Action Program for Greece which indeed is a crucial task in the present period. At this stage we will only focus on some specific issues which are directly related to tactics consequential to the class character of Greece.<sup>213</sup>

However, before we deal with specific tactical questions we need to repeat that contrary to the left-reformists – be it the KKE, LAE or others – the RCIT rejects the strategy of a popular front, i.e., the orientation towards class collaboration with a “patriotic” or “democratic” sector of the Greek bourgeoisie. The historic experience of both Greece and internationally has convincingly demonstrated that such a fraction of the bourgeoisie is a phantom, i.e., it exists only in the fantasy of political muddle-heads or willful deceivers. The only real home of capitalists is not a specific country but their profits. They will always subordinate “their” country to the interests of their personal business activities. In cases in which they temporarily “defend” their country, they will do so in such a way as to ensure that the working class is subordinated to their dictates and doesn’t harm its profits.

The illusionary hopes of LAE and others for an alliance with “national” sector of the Greek bourgeoisie are particularly absurd in a country like Greece. The Greek bourgeoisie has an extremely cosmopolitan character and has throughout its entire history served loyally as the local henchmen for imperialism.

Contrary to such a reformist dead-end, the working class in Greece, which is multinational, its composition having many migrants, must independently fight for its liberation. It must direct its struggle against the imperialist rulers of Greece, including their lackeys – the Greek bourgeoisie. The proletariat must strive to rally the urban poor petty-bourgeoisie as well as the small peasants in the struggle for democratic and anti-capitalist demands. Furthermore the working class must aim to closely unite themselves in the struggle with their class brothers and sisters in the region – i.e., the European workers and poor as well as those in the Middle East. The latter can play a dynamic role given the recent experience of the Arab Revolution starting in December 2010.<sup>214</sup>

### V.1 The Tactical Slogan of Greece’s Exit from the EU

The RCIT considers the slogan of the country’s exit from the EU as a necessary and indispensable part of a revolutionary action program for Greece today. Greece has always been a dependent and subjugated country in the EU. Contrary to the reformist illusions of SYRIZA and their friends in the ex-Stalinist *Party of the European Left*, by its very nature the EU is an imperialist institution dominated by Germany and France. This character cannot be reformed or changed.<sup>215</sup> Any substantial change in Greece’s economic and social policy is impossible *within* the imperialist EU. Any such

attempt by a Greek government – even a reformist one – would be immediately vetoed by Brussels. We have seen this when then-Prime Minister Papandreou (PASOK) dared considering the holding of a popular referendum on an EU-Memorandum in 2010. He immediately had to resign after massive pressure from Brussels. When the Greek people elected SYRIZA to head the government in January 2015 on an anti-austerity platform, or when they voted OXI against the Third Memorandum, the imperialist EU forced the government to trample on the popular will. Lenin’s assessment of the imperialist unification of Europe is still valid: “*From the standpoint of the economic conditions of imperialism – i.e., the export of capital amid the division of the world by the “advanced” and “civilised” colonial powers – a United States of Europe, under capitalism, is either impossible or reactionary.*”<sup>216</sup>

Naturally, the slogan for Greece’s exit from the EU does not constitute an independent program nor is it a strategic goal. It is no more and no less than an indispensable tactic as part of a broader strategy: to liberate Greece from imperialist subjugation and to fight for an authentic workers’ government striving for the expropriation of the imperialist and domestic bourgeoisie and opening the road to socialism. The RCIT rejects the national-reformist program a la Costas Lapavistas and the LAE-leadership.<sup>217</sup> The national-capitalist road is an illusionary dead-end. Lapavistas & Co. do not understand that from the moment that a progressive government in Athens would start to nationalize the banks and impose a serious capital control, or if such a government would take serious steps to nationalize core sectors of the economy and use them to revitalize the economy, the capitalists would start to hide their wealth and to send it abroad. At the same time, the bourgeoisie would try everything in their power to sabotage such a government by launching a vicious media campaign against it and, if necessary, bring the army command into position for a coup d’état (as they have done so many previous times in Greece’s history).

In other words, any serious intervention for a radical change of the social and economic policy will immediately result in a confrontation with the ruling class: either us or them. Either such a progressive government is prepared to fully expropriate the bourgeoisie and dismantle their state apparatus – or the ruling class will “dismantle” the progressive government.

Hence, the slogan for Greece’s exit from the EU has to be raised in connection with slogans towards the expropriation of the monopoly capitalists in Greece. These slogans should call for a workers’ and popular government of Greece and a socialist revolution in order to build a workers republic. *For an independent and socialist Greece!*

Likewise, this slogan has to be combined with the perspective of international class struggle with the European and Arab working class. Greek socialists should appeal to working class solidarity of their European brothers and sisters. The latter derive no benefits from

the EU-Troika's blackmail of the Greek people. Quite the contrary, the workers in the rest of Europe suffer similarly from the reactionary austerity policy of the ruling class in the EU. Hence, such an internationalist strategy should combine the struggle for an independent, socialist Greece with the struggle for the *United Socialist States in Europe*.

There are socialists in Greece and internationally who share our position of the unreformability of the EU as well as the rejection of a national-capitalist road. They, however, do not support our tactic of supporting an exit of Greece from the EU since they believe that this would deflect the attention of the Greek workers from the need to fight for an internationalist, European perspective.

We believe that these comrades are mistaken. First, often such comrades are not entirely clear on the class character of Greece and either openly reject our position on Greece as a semi-colony or they leave this question unanswered. This however is a crucial for this issue since Marxists need to differentiate their tactics depending on whether they are dealing with an imperialist or a semi-colonial country. We support the resistance of oppressed people against their oppressor and, hence, defend semi-colonial countries against imperialist states (or alliances like the EU); however, we do not take sides in conflicts between two imperialist states or camps. Concretely this means that the RCIT differentiates its tactical position vis-à-vis remaining in the EU: We call for semi-colonial countries to leave the EU but, in the case of imperialist states, we take a defeatist position and neither call for remaining within or leaving the EU. This differentiation demonstrates by the way why scientific clarity is essential for Marxists: to have clarity when deriving tactics related to the class struggle.

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Second, such comrades implicitly support an Economist understanding of the democratic question. The struggle for democratic rights – for national liberation, equality of rights for migrants, women etc. – *never* deflects the working class from the strategic goals of its liberation *if* it is posed in a correct way, i.e., as part of a transitional program aiming for working class power. Concretely we remind these comrades that the struggle for a United Socialist States of Europe will *under no circumstances* advance via the institutions of the imperialist EU. It can and will only progress via the destruction of the EU as part of the struggle for socialist revolution in each European country and throughout the entire continent.

Such comrades point out that an exit of Greece from the EU without a socialist revolution would not eliminate the capitalist misery of the Greek people. To this we reply that this is the case with many minimum and democratic demands. Has it not often happened that when workers manage to win higher wages the capitalists soon make up for this by increasing the prices or by raising the intensity of labor? The Italian workers experienced this many times in the 1970s! Is it not the case that African countries experienced the continuation of misery after having won independence from the colonial powers? And is it not the case that the oppression of women continues even after they got the formal right to vote? But surely our critics will agree that only an ultra-left idiot can conclude from these facts that socialists should not demand higher wages, independence for colonies, or suffrage for women! It is the task for socialists to raise such minimum and democratic

demands in such a way that they help the working class to mobilize its forces and to rally the popular masses around them, to weaken the imperialist enemy and the ruling class and to point to the road towards socialist revolution.

## V.2 The Program for Complete Equality for Migrants

The struggle against Greece's subjugation by the imperialist EU must not deflect the socialists' focus on fighting against all forms of reactionary Greek chauvinism. Such chauvinism manifests itself in particular in two ways: oppression and racism against migrants and anti-Macedonian nationalism. The RCIT considers the national oppression and super-exploitation of one million or so migrants in Greece as a crucial issue for socialists and the whole working class.

Socialists in Greece must fight for full equality of migrants. Such equality includes full citizenship rights, equal wages for equal work, full access to social benefits, etc. Another important aspect of the revolutionary program of equality is the struggle for the abolition of the official state language. All languages should be treated equally. Migrants as well as other national minorities in Greece should have the possibility to receive education in schools and universities in their native language. The same rules should apply for courts, public administration and in the media.

Against the growing threat of fascist violence it is crucial to build armed self-defense units consisting both of migrants and the organizations of workers' movement.

Socialists should demand from the leaderships of SYRIZA, the KKE and all trade unions to mobilize the workers for the fight to implement these demands. It is important to support the formation of a revolutionary migrant movement. Equally the trade unions must be transformed into a multi-national, militant force which really represents the interests of the migrant workers.

Similarly, socialists should engage in serious solidarity work with refugees as part of the mass international solidarity movement which has recently emerged. They should oppose the imperialist border regime of the EU (Frontex, etc.) and call for open borders for all migrants and refugees. They should have the right to pass through the country or to stay as long as they want with all democratic rights. Socialists should oppose deportations and call for the dissolution of all deportation camps and all reception centers.<sup>219</sup>

At the same time socialists oppose the discrimination of Greek workers living abroad and fight for a similar program for equality.

## V.3 The Struggle against Greek Chauvinism: The Macedonian Question

Another crucial issue for Greek socialists is their attitude towards the Macedonian question. In our opinion, it is the duty of socialists to oppose reactionary Greek chauvinism directed against the Macedonians as well as against the Muslim minority in Thrace. It is certainly true that today the Macedonian minority as well as the native Muslim minority in Greece are relatively small (respectively numbering 50,000 and 110,000 persons). However, the central meaning of taking a principled, i.e., proletarian internationalist, stand on this issue is that revolutionaries

can only break Greek workers away from the ideological chains of their bourgeoisie, if they openly confront traditional chauvinism against the national minorities.

Leon Trotsky explained in a discussion with Greek supporters in 1932 when he became concerned that the latter did not resolutely support the Macedonians' right of self-determination: *"I would again like to raise the question of Macedonia and Epirus. So far as I understand, not much importance has been given to this question up to now. However, this question is very important for educating the Greek workers, for liberating them from national prejudices, for improving their understanding of the international situation in the Balkans and generally."*<sup>220</sup>

We can say without exaggeration that the Macedonia question has for Greek chauvinism the same importance which the Kosova question has for Serbian chauvinism. Both are a central part of the political DNA of the bourgeois state and its national ideology. Both have to be fought uncompromisingly as part of the struggle for the liberation of the working class and the oppressed in these countries.

Greek socialists have to wage a sharp ideological struggle against the reactionary myths about the supposed historical foundations for the claim that Macedonia belongs to Greece. As we have shown above, in reality Aegean Macedonia had a non-Greek majority when it was annexed by Greece in 1913. It only became a mostly Greek-populated region after subsequent governments systematically expelled most of the native population and settled in their place Greeks (many of whom were themselves refugees from Asia Minor).

The struggle for the Macedonian minority must include a number of essential demands. First and foremost they must support the Macedonians demand for being recognized as a national minority. They must call for full equality which includes the unconditional support for their demand to use their language in education as well as public administration, to use their Macedonian-language names if they wish to do so, to practice their religion in their mother language as well as their culture in general, to have equal access to the media (in their mother language if they wish to do so), etc. In addition, socialists should demand from the Greek government adequate compensation to the descendants of the expelled Slavic Macedonians families who today mostly live in the Republic of Macedonia and Bulgaria. Furthermore, Greek socialists must demand the official recognition of the Republic of Macedonia by its very name (instead of such ridiculous names like FYROM). Likewise, socialists should fight for full democratic rights for the Muslim minority living in Thrace.

Socialists should fight for autonomy and local self-government of those regions and areas with a strong Macedonian population as well as for the right of national self-determination of the remaining minority of Slavic Macedonians (including their right to secession). Of course, today it would be reactionary to call for the expulsion of the Greeks who are living for generations in Aegean Macedonia. The historic crime of the expulsion of the Macedonian people from Aegean Macedonia cannot be undone. But socialists certainly must not defend the "territorial integrity" of Greece against its oppressed national minorities. If the Macedonians who mostly live in Northern Greece close to the border of the Republic

of Macedonia wish to separate, Greek socialists must unconditionally support this.

Such unconditional support for the right of self-determination of oppressed nations has also been the approach which Trotsky advised the Greek Marxists concerning the Macedonian question:

*"We merely say that if the Macedonians want it, we will then side with them, that they should be allowed to decide, and we will also support their decision. What disturbs me is not so much the question of the Macedonian peasants, but rather whether there isn't a touch of chauvinist poison in Greek workers. That is very dangerous. For us, who are for a Balkan federation of soviet states, it is all the same if Macedonia belongs to this federation as an autonomous whole or part of another state. However, if the Macedonians are oppressed by the bourgeois government, or feel that they are oppressed, we must give them support."*<sup>221</sup>

Unfortunately, this has been the approach only a few Greek Marxists. It is a particular shame that Synaspismos, which split with the KKE in 1991 and which was the predecessor organization of SYRIZA, supported the chauvinistic anti-Macedonian mobilizations in the early 1990s!<sup>222</sup>

To their credit, the KKE did not participate in these demonstrations. However, this cannot undo the fact that the Greek Stalinists were "patriots" for many decades and denied the existence of a Macedonian minority in Greece. Naturally, they also did and do not support their right of national self-determination.<sup>223</sup> By this, the KKE rendered their loyal service both to the Greek ruling class as well as the Moscow Stalinist bureaucracy since the latter supported the anti-Macedonian stance as part of their struggle against Tito's Yugoslavia. Given the collapse of Yugoslavia as well as of the USSR, the KKE has now managed to accept the existence of unspecified "minorities" in Greece. However, their reactionary patriotism has not changed in substance. In the KKE's programs of 1996 and 2013, the Macedonian or Muslim minorities are not even mentioned. It is only logical that they also refuse any support for these national minorities' right of self-determination. Consistently, in its 1996 program the KKE committed itself to *"defending the country's territorial integrity against the new imperialist world order,"* echoing the reactionary propaganda that Macedonian claims to Aegean Macedonia would be part of an "international conspiracy against the Greek nation."<sup>224</sup>

Against the KKE's opportunist adaption to Greek chauvinism, all authentic Greek revolutionaries will support the excellent declaration of Pantelis Pouliopoulos, the first General Secretary of the KKE and historic leader of Greek Trotskyism in the 1920s and 1930s:

*"Whoever refutes the existence, unresolved until today, of a national Macedonian question in Greek, Bulgarian, Serbian Macedonia, is without a doubt a lapdog of the bourgeoisie. Whoever refutes the historical liberation movement of the Macedonians, is either ignorant and must learn the history of that movement and its national heroes, or is again a lapdog of one of the three oppressing bourgeoisies."*<sup>225</sup>

\* \* \* \* \*

As we already stated, all these demands and tactics have to be applied as part of a revolutionary action program. This means a program for socialist revolution, i.e., the armed

insurrection of the working class in Greece and throughout Europe. In raising this or that tactic, revolutionaries should always agitate for the organization of the workers and oppressed so that they do not rely on the bureaucratic apparatus which controls the trade union as well as the bourgeois workers' parties like KKE or SYRIZA. Hence it is crucial to argue in all struggles for the formation of *action committees in all workplaces, neighborhoods, schools, universities, and villages.*

The struggle for such a program as well for its application in individual issues is hopeless if it is not undertaken by an organized force of authentic Marxists. This is why the RCIT considers the formation of a revolutionary party as the most important task in the struggle against the imperialist subjugation of Greece as well as for the liberation of the working class and oppressed. Such a party must stand in the tradition of Lenin and the Bolshevik party as well as Trotsky and his Fourth International until its degeneration in 1948-52.<sup>226</sup>

Such a party cannot be founded mechanically; it will emerge in the class struggles ahead. However, it is urgent to create as soon as possible a revolutionary pre-party organization which unites activists on the basis of an authentic Marxist program and which fights for the formation of such a party. The RCIT looks forward to collaborating with Greek revolutionaries and supporting them in achieving this goal!

We hope that the present publication will be a useful contribution for discussion among revolutionaries in Greece in order to clarify the class character of Greece and the consequential tasks. We await the feedback and criticism of our Greek comrades in arms.

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## VI. Summary Theses

At the conclusion of this publication we summarize the most important conclusions in the form of some theses.

1. The formation of monopolies and Great Powers increasingly led to the division of the entire world into different spheres of influence for the rivaling imperialist states and to the subjugation of most countries under these few Great Powers. From this follows an essential feature of Lenin's (and Trotsky's) analysis of imperialism: the characterization of the relationship between the imperialist nations and the huge majority of the people living in the capitalistically less developed countries as a *relationship of oppression and super-exploitation*.

2. The relationship between states has to be seen in the totality of its economic, political, and military features. Thus, a given state must be viewed not only as a separate unit, but first and foremost *in its relation to other states and nations*. An imperialist state usually enters a relationship with other states and nations whom it oppresses, in one form or another, and super-exploits – i.e., appropriates a share of its produced capitalist value. Again this has to be viewed in its totality, i.e., if a state gains certain profits from its outward foreign investment but has to pay much more (debt service, profit repatriation, etc.) to other countries' foreign investment, loans etc., this state can usually not be considered as imperialist.

3. In short, we define an imperialist state as follows: *An imperialist state is a capitalist state whose monopolies and state apparatus have a position in the world order where they first and foremost dominate other states and nations. As a result they gain extra-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression.*

4. Likewise, one also has to differentiate between different types of semi-colonies. Obviously there are huge differences today between Peru and Argentina or Brazil, Congo and Egypt, Pakistan and Turkey, Nepal and Thailand, Kazakhstan and Poland. Some countries are more industrialized than others, some have achieved a certain political latitude and others not. Hence, we can differentiate between *advanced or industrialized semi-colonies* like for example Argentina, Brazil, Egypt, Turkey, Iran, Poland or Thailand on one hand and *poorer or semi-industrialized semi-colonies* like Bolivia, Peru, the Sub-Saharan African countries (except South Africa), Pakistan, Afghanistan, Indonesia etc.

5. To summarize our definition of semi-colonies we propose the following formula: *A semi-colonial country is a capitalist state whose economy and state apparatus have a position in the world order where they first and foremost are dominated by other states and nations. As a result they create extra-profits and give other economic, political and/or military edges to the imperialist monopolies and states through their relationship based on super-exploitation and oppression.*

6. The analysis and division of countries into different types must not be understood in a dogmatic, mechanistic way but in a Marxist, i.e., dialectical, way. Hence, it would be wrong to imagine an impenetrable Chinese Wall between the two categories, imperialist

and semi-colonial states. As we have argued on several occasions there have been several examples where, under exceptional circumstances, a dependent state was able to become an imperialist country as well as the other way round.

7. We reject the category of "*Sub-Imperialism*" as part of the Marxist analytical apparatus. Under capitalism, no nation escapes the formation of ever closer economic and political ties with the dominant imperialist powers. Such close relations automatically create, modify, and reproduce mechanisms of exploitation and super-exploitation. In other words, under capitalism – and even more under imperialism – all nations are sucked into the process of super-exploitation. Either they are strong enough and become part of the oppressing nations, or they are pushed into the camp of the majority of humanity – the oppressed nations. There is no "third camp" in between.

8. We can summarize the first period of Greece's existence as an independent state since the war 1821–29 as follows: The Greek's struggle for national independence was highly progressive. However it ended with semi-independence for a small fraction of the Greek people. From the start, the newly born Greek state was highly dependent on the Great Powers Britain, France and Russia– politically and economically. The Great Powers imposed a monarchy headed by foreign kings on the Greek people. The country's high level of debt resulted in state bankruptcy and an *International Finance Commission* took charge of Greek finances in the 1890s. In addition, the Greek bourgeoisie was dominated by merchants and didn't focus on developing a domestic industry.

9. Hence the country remained backward: its economy was characterized by smallholder agriculture production and commerce and dominated by a few oligarchic families closely linked with the Great Powers; its political system was characterized by a monstrous state apparatus with a rotten monarchy at the top.

10. The Venizelos-period in the early 20<sup>th</sup> century ensured a certain degree of modernization both politically and economically as well as Greece's gradual territorial expansion. But Greece remained trapped by its dependence on the Great Powers and foreign capital. And Venizelos' adventures in offering his army as foot soldiers for British imperialism against Soviet Russia and Turkey resulted in a national catastrophe in 1922/23. The defeat against Turkey caused the inflow of about a million and a half Greek refugees and the state was more in debt than ever.

11. The Greek state not only liberated Greek people living under foreign domination, it also acted as a national oppressor from 1913 onwards. This affected in particular the Slavic Macedonian people as well as the Muslim minority in Western Thrace. Those Slavic Macedonians living in the region annexed by Greece were severely oppressed in their national rights. Most of them were expelled from their homes and driven out of Greece in several waves in between 1913 and the end of the civil war in 1949.

12. The period between the two world wars ended

with the black years of the Metaxas dictatorship and the occupation by German imperialism. In these years Greece experienced devastating destruction, the large scale robbery of assets by the Nazis and the loss of many lives. The years of civil war 1945–49, when the Greek workers and poor peasants resisted the British occupation and the ascent to power by the discredited reactionary monarchy and military camarilla. The forces of progress lost due to the betrayal of the Stalinist leadership, and this defeat added to the overall exhaustion of the country.

13. After the end of the civil war, Greece experienced a process of modernization and industrialization until the 1970s. For the first time, a considerable domestic industry emerged. Greek shipowners directed some investments to Greece's industry. However, Greece remained economically and politically dependent on Western imperialism. Its economy was still dominated by small enterprise; foreign monopolies played a decisive role amongst the big corporations and a significant part of its public expenditures were financed by foreign loans. Greece has been a member of NATO from the beginning and its regimes, and in particular its army, were in fact underlings of US imperialism.

14. The important group of Greek shipowners is a specific, quite unique section of the Greek bourgeoisie. In the past centuries it played a central role in international shipping trade. In the second half of the 20<sup>th</sup> century it had become the dominant force in this global industry. Historically the Greek shipowners have been a cosmopolitan layer often living abroad – in the 20<sup>th</sup> century this was mostly in New York and London. This changed to a certain degree from the 1970s and Greek shipowners have directed important sectors of their business to Greece. This specific social-economic nature of the Greek shipowners had and has several important consequences. First, it has been a semi-Diaspora bourgeoisie and hence only to a certain degree (or in a peculiar way) part of the national ruling class. Second, the Greek shipowners are a trading and not a producing class. Greece has played no significant role in ship-building for a long time and hardly produced any ships in recent decade. Third, Greek shipowners have always been strongly dependent on foreign loans. In the 2000s, 4/5 of their loans were from foreign-owned banks. Fourth, given the nature of sea trade. Greek shipowners have always been dependent on the security provided by Great Powers. For all these reasons, even the Greek shipowners – the economically most potent sector of the Greek bourgeoisie – have always been closely tied to and dependent on the imperialist bourgeoisie of the Great Powers (mainly Britain and US, but recently also increasingly to China). The Greek bourgeoisie as a whole has a particular strong "comprador" character, i.e., it avoids any confrontation with imperialism and serves the Great Powers as local henchmen.

15. After the collapse of Stalinism in 1989 in the Balkans, Greek capital to advantage, after some delay, the opportunities which capitalist restoration offered it. It became an important foreign investor in Albania, Macedonia, Serbia, Bulgaria and Romania and managed to extract significant extra-profits. However, Greece's foreign investment abroad remained much smaller than inward foreign investment in Greece. With the onset of the crisis in 2008, Greece's foreign investment significantly reduced.

16. Likewise, Greek capitalism has succeeded in acquiring a significant layer of migrants (about one million people) who serve the bosses as a super-exploited stratum at the bottom of the working class. This layer has not been reduced by the recent crisis and this is unlikely to happen because the wars and catastrophes in the Middle East make nearly certain that there will be many more refugees.

17. At the same time Greece has been traditionally been a country from which many migrants originated. Today, there are still residing several millions Greeks abroad and the remittances they send to their families constitute a sizeable part of Greece's national income. (1970: 4%, 2001: 2.5%)

18. It is important to evaluate the development of a country historically. Since achieving independence, Greece has always been a dependent, semi-colonial country albeit with specific features (the Greek shipowners as an economically potent semi-Diaspora bourgeoisie). In the 1990s and up to 2008, they made some headway in becoming a minor imperialist power by exporting capital to some southern Balkan countries and by absorbing huge layers of migrants. But these developments were vastly overshadowed by Greece's increasing dependence on the Great Powers during the same period. In addition, the country's external debt reached massive proportions. Furthermore its national economy was and is still being increasingly bought up by foreign monopolies.

19. The crisis which erupted in 2008 has provided an historical test for the class character of Greece. Such tests are always crucial to perceiving potential changes in the class character of a country. The developments of Greece in the past 7 years have demonstrated, beyond doubt, that the country has not been strong enough to withstand its complete subjugation by the EU. Greece has been forced to submit its economy and even parts of its territory (several islands) for sale to foreign investors. It has even been formally robbed by the EU troika of its sovereign rights to make its own political and economic decisions.

20. In short, Greek imperialist advances in the 1990s and up to 2008 came too little and too late. Hence, we repeat that Greece was and remains a semi-colonial country dominated by and dependent on foreign imperialist monopoly capital.

21. The RCIT rejects the position of the Stalinist KKE, after its recent turn around, which claims that Greece is now a normal imperialist country. As is well known, until a few years ago the Greek Stalinists have historically been "left" patriots, and viewed the country as a colony of US and EU imperialism, this being their adaptation to Greek. The KKE's about face regarding this issue was not motivated by any new insights but rather by their bureaucratic need to justify their rejection of any united front tactics towards SYRIZA (whose ideologists traditionally have shared the thesis of Greece as a dependent country). Likewise, we unequivocally reject the position of the KKE in the past and that of the LAE and others today who propose, based on their correct assessment of Greece's dependency and subjugation by imperialism, the strategy of a popular front, i.e., the orientation towards class collaboration with a "national" or "domestic" sector of the Greek bourgeoisie. Such an orientation is wrong in principle and particularly absurd in a country like Greece whose bourgeoisie as a

whole has a strongly cosmopolitan character and which throughout its entire history has served as local henchmen of imperialism.

22. The working class, multinational in composition with many migrants, must independently fight against the imperialist rulers of Greece, including their lackeys – the Greek bourgeoisie. It must strive to rally the urban poor, petty-bourgeoisie, as well as the small peasants in the struggle for democratic and anti-capitalist demands. Furthermore the working class must aim to look closely unite itself in its struggle with their class brothers and sisters in the region – i.e., the European workers and poor as well as those in the Middle East. The latter can play a dynamic role given the recent experience of the Arab Revolution which began in December 2010.

23. A revolutionary program for Greece must include a slogan for the country's exit from the EU. Greece has always been a dependent and subjugated country in the EU and this status is institutionalized by the nature of the EU institutions dominated by Germany and France. Any substantial change in the country's economic and social policy is impossible within the imperialist EU.

24. Naturally, this slogan for Greece's exit from the EU does not constitute an independent program but is only a tactic as part of a broader strategy – the strategy for an authentic workers' government striving for the expropriation of the imperialist and domestic bourgeoisie and opening the road to socialism. The RCIT rejects the national-reformist program à la Costas Lapavistas and the LAE-leadership. The national-capitalist road is an illusionary dead-end. The slogan for Greece's exit from the EU has to be raised *in connection* with slogans for the expropriation of the monopoly capitalists in Greece, lest the latter economically sabotage an independent Greece. Likewise, this slogan has to be combined with the perspective of international class struggle with the European and Arab working class. The struggle for an independent and socialist Greece has to be part of the struggle for the United Socialist States of Europe.

25. The struggle against Greece's subjugation by the imperialist EU must not distract socialists from focusing on fighting all forms of reactionary Greek chauvinism. Such chauvinism manifests itself, in particular, in two ways. First, the national oppression and super-exploitation of one million or so migrants in Greece. Socialists in Greece must fight for full equality of migrants. This includes equal wages for equal work, full access to social benefits, the right to vote as well as the recognition of their native language as equal in education, public administration etc. Likewise, socialists should fight for open borders and for international solidarity with the refugees coming to Europe. At the same time socialists oppose the discrimination of Greek workers living abroad.

26. Greek socialists must also oppose the reactionary Greek chauvinism directed against the Slavic Macedonians as well as against the Muslim minority in Western Thrace. Socialists reject the reactionary chauvinist myth about supposed historical foundations for the claim that Macedonia belongs to Greece. In reality Aegean Macedonia had a non-Greek majority when it was annexed by Greece in 1913. It only became a mostly Greek-populated region after subsequent governments systematically expelled most of the native population and instead settled Greeks

(many of whom were themselves refugees from Asia Minor). True, today it would be reactionary to call for the expulsion of the Greeks who have been residing for generations in Aegean Macedonia. The historic crime of the expulsion of the Macedonian people from Aegean Macedonia cannot be undone. However, socialists should fight for autonomy and local self-government of those regions and areas with a strong Macedonian population as well as for the right of national self-determination for the remaining minority of Slavic Macedonians (including their right to secession). The struggle for the Macedonian minority must include a number of essential demands. First and foremost they must support the Macedonians demand for being recognized as a national minority. They must call for full equality which includes unconditional support for their demand to use their language in education as well as public administration, to use their Macedonian-language names if they wish to do so, to practice their religion in their mother language as well as their culture in general, to have equal access to the media (in their mother language if they wish to do so), etc. In addition, socialists should demand from the Greek government adequate compensation to the descendants of the expelled Slavic Macedonians families who today mostly live in the Republic of Macedonia and Bulgaria. Furthermore Greek socialists must demand the official recognition of the Republic of Macedonia by its own name (instead of such ridiculous names like FYROM). Likewise, socialist should fight for full democratic rights for the Muslim minority living in Western Thrace.

27. The struggle for such a program as well for its application in individual issues is hopeless if it is not undertaken by an organized force of authentic Marxists. This is why the RCIT considers the formation of a revolutionary party as the most important task in the struggle against the imperialist subjugation of Greece as well as for the liberation of the working class and oppressed.

28. Such a party cannot be founded mechanically; it will emerge in the class struggles ahead. However, it is urgent to create as soon as possible a revolutionary pre-party organization which unites activists on the basis on an authentic Marxist program and which fights for the formation of such a party. The RCIT looks forward to collaborating with Greek revolutionaries and supporting them in achieving this goal!

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- 213 However, we refer readers once again to our numerous statements as well as to our pamphlet on Greece which include the elaboration of crucial elements for such an Action program. They can be read at a special subsection on Greece on our website: <http://www.thecommunists.net/worldwide/europe/articles-on-greece/>
- 214 For a closer examination of the contradictory development of the Arab Revolution we refer readers to numerous statements and articles which are published on our website in the sub-section <http://www.thecommunists.net/worldwide/africa-and-middle-east/>. The RCIT's most comprehensive documents on this issue are the *Open Letter on the Arab Revolution* (October 2013, <http://www.thecommunists.net/rcit/open-letter-on-arab-revolution/>) and *Revolution and Counterrevolution in the Arab World: An Acid Test for Revolutionaries* (May 2015, <http://www.thecommunists.net/theory/theses-arab-revolution/>)
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- 216 V. I. Lenin: On the Slogan for a United States of Europe; in: LCW Vol. 21, p.340
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- 221 Leon Trotsky: A Discussion on Greece, pp. 129-130
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# Books from the RCIT

## Michael Pröbsting: The Great Robbery of the South Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism

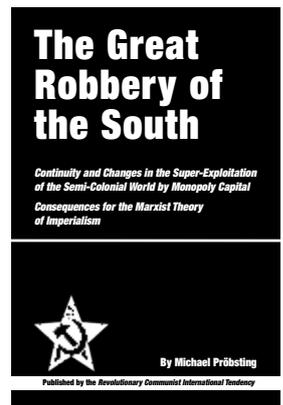
The RCIT is proud to announce the publication of a book called *THE GREAT ROBBERY OF THE SOUTH*. The book's subtitle is: *Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital*. Consequences for the Marxist Theory of Imperialism. The book is in English-language. It has 15 chapters, 448 pages and includes 139 Tables and Figures. The author of the book is Michael Pröbsting who is the International Secretary of the RCIT.

In *The Great Robbery of the South* Michael Pröbsting analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies. He shows that the relationship between the small minority of rich capitalist countries and the huge majority of mankind living in the semi-colonial world forms one of the most important elements of the imperialist world system we are living in. The Great Robbery of the South shows that the past decades have been a complete confirmation of the validity of Lenin's theory of imperialism and its programmatic conclusions. *The Great Robbery of the South* demonstrates the important changes in the relationship between the imperialist and the semi-colonial countries. Using comprehensive material (including 139 Tables and Figures), Michael Pröbsting elaborates that never before has

such a big share of the world capitalist value been produced in the South. Never before have the imperialist monopolies been so dependent on the super-exploitation of the semi-colonial world. Never before has migrant labor from the semi-colonial world played such a significant role for the capitalist value production in the imperialist countries. Never before has the huge majority of the world working class lived in the South – outside of the old imperialist metropolises.

In *The Great Robbery of the South* Michael Pröbsting argues that a correct understanding of the nature of imperialism as well as of the program of permanent revolution which includes the tactics of consistent anti-imperialism is essential for anyone who wants to change the world and bring about a socialist future.

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## Michael Pröbsting: Cuba's Revolution Sold Out? The Road from Revolution to the Restoration of Capitalism

The RCIT is proud to announce the publication of a book called *Cuba's Revolution Sold Out?*. The book's subtitle is: *The Road from Revolution to the Restoration of Capitalism*. The book is in English-language. It has 5 chapters plus an appendix, 108 pages and includes 19 Tables and Figures. The author of the book is Michael Pröbsting who is the International Secretary of the RCIT.

In *Cuba's Revolution Sold Out?* Michael Pröbsting analyses the character of the Cuban Revolution 1959-61, its bureaucratic degeneration, and the recent march of the Castro leadership towards capitalism.

The author demonstrates how the Cuban Revolution, despite the initial modest intentions of its leaders, was spurred forward to more radical policies by grass roots struggles of Cuban workers and peasants. In fact, the very abolishment of capitalism by the Cuban regime was no part of the original game plan of either Castro's Movimiento 26 de Julio or of the official Cuban communist party (PSP), but rather was a product of precisely such pressures from below.

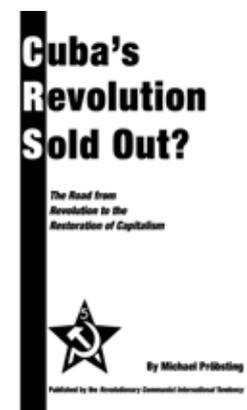
*Cuba's Revolution Sold Out?* describes in detail how a number of relatively recent political, economic, and social measures were

purposely taken by the Cuban government to open the road back to capitalism. Pröbsting elaborates the key role of the world's new great imperialist power, China, in Cuba's state policy as exemplified in the June 2011 Sino-Cuban agreement for a first Five-Year Plan of cooperation between these two states.

*Cuba's Revolution Sold Out?* examines these developments from the viewpoint of Marxist theory, the nature of the ruling bureaucracy in Stalinist states, and the process of restoration of capitalism under such regimes.

In conclusion, the book proposes a socialist program for political and social revolution in Cuba to halt the advance of capitalism and to eradicate the country's bureaucratic dictatorship.

Price: 8 Euro / 12 US-Dollars / 7 British Pound (plus delivery charges) ■



The Author: Michael Pröbsting is a revolutionary activist since 34 years. He is the author of many articles and pamphlets in German and English language. He published books or contributed to books on Rosa Luxemburg (1999), on the World Economy (2008), on Migration (2010) and the Arab Revolution (2011). In addition to *The Great Robbery of the South* and *Cuba's Revolution Sold Out?* he also published in 2014 the book *Building the Revolutionary Party in Theory and Practice. Looking Back and Ahead after 25 Years of Organized Struggle for Bolshevism*. He is the International Secretary of the Revolutionary Communist International Tendency.

# What the RCIT Stands for

**T**he *Revolutionary Communist International Tendency* (RCIT) is a revolutionary combat organisation fighting for the liberation of the working class and all oppressed. It has national sections in a number of countries. The working class is composed of all those (and their families) who are forced to sell their labor power as wage earners to the capitalists. The RCIT stands on the theory and practice of the revolutionary workers' movement associated with the names of Marx, Engels, Lenin, and Trotsky.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*No future without socialism!*

*No socialism without revolution!*

*No revolution without a revolutionary party!*

