

Journal of the  
Communist Workers'  
Organisation

Winter-Spring 2013

**Revolutionary  
Perspectives** 01

**Imperialist Rivalry  
in the Pacific**

**Eurozone Crawls  
Towards Federation**

**Bordiga:  
Beyond the Myth  
Five Letters and  
an Outline of the  
Disagreement**

# **Revolutionary Perspectives**

**Magazine of the Communist Workers' Organisation  
Affiliate of the Internationalist Communist Tendency  
Series 4, No 1, Winter-Spring 2013**

*For correspondence write to:*

**CWO, BM CWO  
London  
WC1N 3XX  
email: [uk@leftcom.org](mailto:uk@leftcom.org)**

*Or visit our website:  
<http://www.leftcom.org>*

<b>Editorial</b>	<b>1</b>
<b>Imperialist Rivalry in the Pacific</b>	<b>3</b>
<b>Eurozone Crawls Towards Federation</b>	<b>17</b>
<b>Five Letters and an Outline of the Disagreement</b>	<b>31</b>

Subscriptions to Revolutionary Perspectives (3 issues) and Aurora (at least 4 issues) are

UK £15 (€18)  
Europe £20 (€24)  
World £25 (€30, \$30)

Take out a supporter's sub by adding £10 (€12) to each sum. This will give you priority mailings of Aurora and other publications including free pamphlets as they are published.

## Crisis and Imperialism

It is now more than 5 years since the bursting of the bubble of financial speculation. But, as we will never tire of repeating the bubble was only the last of series of increasingly desperate attempts by the world capitalist class to avoid the consequences of a crisis of accumulation which had gone on much longer. The world first knew this when the US dollar was taken off the gold standard in the early 1970s. This was the bedrock on which the post-war boom, the greatest boom in capitalist history, had been based. The floating of the currency in which 90% of the world's trade was then conducted meant that the entire planet was now paying for the US deficit. Today not only is the dollar in decline but so too is the global reach of the US. The rise of China and the challenge of the Euro have combined to cause a rethink in US foreign policy. Instead of a unilateralism which came to dominate US thinking after the fall of the Soviet empire US imperialism now seeks to prolong its hegemony through a multilateral approach.

In some ways the main theme of this issue of RP is imperialism. Even in the correspondence we reproduce here between Bordiga and Damen the central issue was whether the USSR was equally imperialist as the USA, a point which Damen insisted on from the beginning.

In the article on China we are not amongst those who are exaggerating the rise of China and the imminent demise of the USA. Already Project China has run into some difficulties and the halving of its growth between 2007 and last year is a more serious problem for Beijing than all the debt in Washington. When Japan's growth rates did the same in 1973 Japan's per capita GDP was 73% of the USA's, China's is currently at 17%. China's low value generic products are more vulnerable to a contraction in world trade than the added value production of the more established capitalist countries.<sup>1</sup> All of this only adds to the tensions in the Pacific which have led to more open aggression not only by China, but also by its neighbours. The drums of nationalism are beating hard throughout the region. The recent US refocus to Asia has only heightened those tensions as it has given new courage to its old allies in the area. It only adds to the number of potential flashpoints around the globe, flashpoints which are increasingly linked from West Africa through the Middle East and Central Asia, all the way to the Pacific.

And then there is the crisis of the Eurozone. The conventional view has been that it was a basket case but in reality the decline of the dollar's value has ensured that the euro remains a significant global currency. What has happened is that the crisis has forced the hand of the various states in Europe. Germany ever a reluctant bailer-out of banks has been forced to accept that the Eurozone as a whole has had to take responsibility for its weaker members. In some ways though it suits Germany to have weaker Eurozone members. Imagine the value of the old Deutschmark today if Germany were not in the Euro? It would have been uncomfortably high for an export-led economy.

The strength of German capitalism though arises because it got in its austerity programme first, before the bubble burst. The so-called Harz IV reforms reduced benefits and wages and led to higher unemployment as investment in new robotised plants made Germany's economy the strongest in Europe on the back of increasing exploitation of its working class. Today the German

bourgeoisie now finds itself via a “Zollverein”<sup>2</sup> on the road to a “Grossdeutschland” dominating Europe, Bismarck’s nightmare and Hitler’s dream. The real nightmare though is reserved for a British ruling class which has never reconciled itself to the fact that it actually lost the Second World War in imperialist terms, as its Empire folded and it emerged from the war laden with debt (to the US). It has thus never really accepted the European project despite the fact that its material interests are increasingly forcing it down that road. Now even the US wants the British to go deeper into Europe to give the US a stronger base there. The US is also looking to Europe to get back into its old imperialist areas to police them on behalf of global capitalism, as we have seen already in West Africa.<sup>3</sup>

The crisis is not going away and a general devaluation of capital is needed to restart the accumulation process. All the austerity, cuts and suffering being imposed on the world’s working class will not be enough to get the capitalists out of the mire. Increasingly the tensions will mount as each state tries to push the effects of the crisis on to others. The competition for water, energy and food sources is hotting up and all concerns for “global warming” are cooling down. Imperialist war is not desired by capitalists but the nexus of their interests will compel them to go for a final solution. It may not come soon but come it will ... unless the sleeping giant of the world’s workers wakes up and collectively puts an end to a system which threatens the future of humanity itself.

### **New CWO publications policy**

Welcome to the first of a new series of *Revolutionary Perspectives*. Those who have read RP62 will know we decided at our Annual General Meeting last year to alter our publications policy. This is not the first time we have done so. Each time we have changed it was to meet a new reality inside the working class. With the rise of the internet and the increased importance of websites all organisations are forced to put more energy into that activity. With the rise in postage costs an A4 quarterly journal has also become something of a luxury. What we have thus decided to do is to produce *Revolutionary Perspectives* as a journal of theory, analysis and research to elaborate our positions and publish it every six months. For more contemporary comment and analysis we intend to increase the use of our website, and produce at least 4 of our broadsheet, Aurora per annum (although that may increase in line with significant events in the working class). The cover price of RP goes up to £4 (the first rise we think in 20 years) but the subscription rates will remain the same. Existing subscribers will get all the RPs they paid for plus Aurora. New subscribers will be paying for 3 RPs and a minimum of 4 Auroras a year.

#### Notes

1 Charles Dumas “China will suffer if it does not tackle imbalances” *Financial Times* 21 November 2012

2 This customs union headed by Prussia in the period 1815-66 paved the way for the smaller German states to unite in a Kleindeutschland (small Germany) without Austria. Bismarck sought to keep it that way as he saw that any other policy would inevitably lead to a concerted and destructive attack on Germany, as Hitler was to prove in his drive for a Greater Germany in the 1930s.

3 For French intervention in Mali and Niger see our website <http://www.leftcom.org/en/articles/2013-02-03/niger-act-two-of-french-imperialism%E2%80%99s-campaign-in-west-africa> and <http://www.leftcom.org/en/articles/2013-01-22/western-imperialism-pulls-the-strings-in-mali>

## Imperialist Rivalry in the Pacific

### The Stealthy Path of Chinese Imperialism

We are now in the second decade of the so-called “Asian century” and there are many in the West who do not doubt that China will sooner or later come to be the world’s number one power. Its massive economic growth originally brought about through encouraging foreign investment in special economic enterprise zones since 1978 has transformed China from being a capital importer to a major capital exporter in its own right within a couple of decades. In short China, so often portrayed (and still portrayed in Chinese school history textbooks) as the victim of Western and Japanese imperialism has now become a major imperialist power in its own right.<sup>1</sup>

However until recently this imperialism has been of a relatively soft and stealthy kind. One of Deng Tsiao Peng’s permanent axioms after 1978 was *taoguang yanghui* (We should conceal our capabilities and avoid the limelight). On December 4, 1990, Deng enunciated a further set of principles China should uphold in dealing with the international situation:

*There are many unpredictable factors affecting the international situation, and the contradictions are becoming increasingly evident. The current situation is more complex and chaotic than in the past, when the two hegemonist powers were contending for world domination. No one knows how to clear up the mess. Some developing countries would like China to become leader of the Third World. But we absolutely cannot do that ... We can’t afford to do it and besides, we aren’t strong enough. There is nothing to be gained by playing that role; we would only lose most of our initiative. China will always side with the Third World countries, but we shall never seek hegemony over them or serve as their leader. Nevertheless, we cannot simply do nothing in international affairs. We have to make our contribution. In what respect? I think we should help promote the establishment of a new international political and economic order. We do not fear anyone, but we should not give offense to anyone either. We should act in accordance with the Five Principles of Peaceful Coexistence and never deviate from them.<sup>2</sup>*

The Five Principles of Peaceful Coexistence<sup>3</sup> were first enunciated by Mao in his bid to win the support of the “non-aligned movement” in the 1950s. They basically say China won’t use force against neighbours but did not stop its wars with India (1962) and Vietnam (1979). For the last twenty years it has been the lynch-pin of an “anti-imperialist” imperialist push. Chinese imperialism has advanced largely on the basis of good neighbour relations. China has played on “we know hat its like to be a victim of imperialism” line to offer soft loans to the countries it seeks to penetrate. Its programme in Africa is already well known<sup>4</sup> but the same process is also going on across the planet, including even the smaller Pacific Islands. According to NBC China’s aid program is difficult to measure, although a report by Australia’s Lowy Institute in 2011 found China’s aid was worth around \$200 million a year, with a heavy reliance on soft loans -- a loan with a below-market interest rate -- to finance public works.

*In recent years, China’s aid and soft loans have helped build sports stadiums in Papua New Guinea and*

## Imperialism

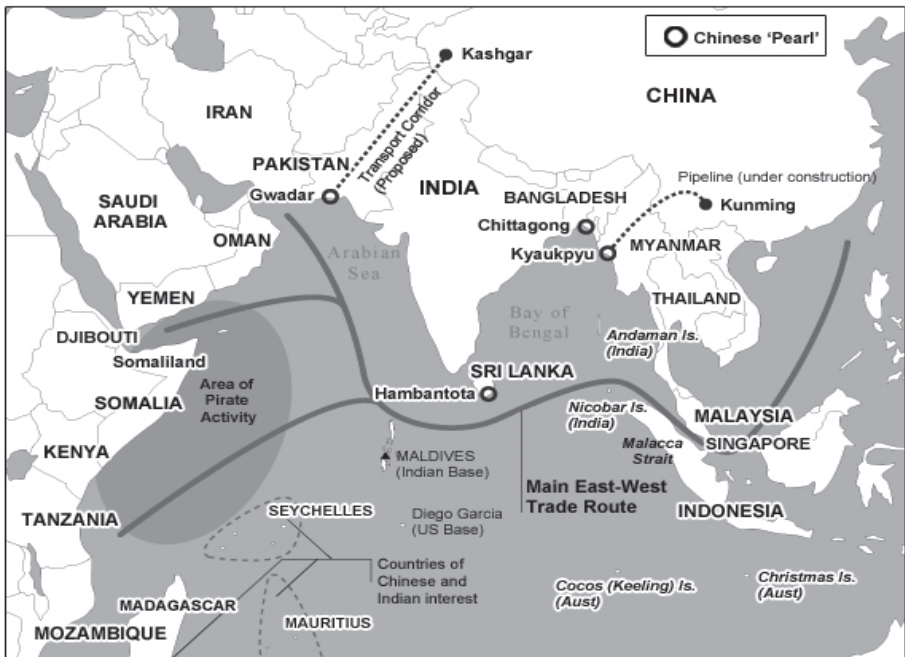
the Cook Islands, a swimming complex in Samoa, a new port in Tonga, as well as extensions to the Royal Palace in the Tongan capital Nuku'alofa.

China has also funded a new police station and court buildings in the Cook Islands capital Rarotonga, and boosted aid to Fiji as western nations shunned its military government after the 2006 military coup.<sup>5</sup>

These links to the building of new infrastructure has also made it easier for Chinese imperialism to maintain that its inward investment is “different”. China also makes no moral judgements or gives lectures about the level of democracy or human rights in its partner states. This further enhances its image as a state that does things differently from the rapacious West. The main aim is to build confidence and trade and this has not been without success. China is (has become) the main trading partner of such “pariah” states as Myanmar (Burma), Iran, Sudan and made great gains in trade with Venezuela, Brazil and Turkey.

At the same time, though, China has been moving its own pieces on the international chess board. Over the last decade or so it has established 12 naval bases all round the South China Seas and Indian Ocean right up to the Red Sea (the so-called “string of pearls”)<sup>6</sup> and is now building a navy to fill them. It launched its first aircraft carrier last year and another will be launched soon. And all this comes on top of other developments.

Since the 1990s, China has increased its military spending by an average of more than 10 percent per year as it seeks to modernize its defence forces. Beijing now has close to 50 modern diesel submarines, and is developing a new class of nuclear submarine. China also has new short-, intermediate-, and long-



*range ballistic missiles — both conventional and nuclear — while its medium-range missiles can already reach many parts of Asia, including Japan and several US airbases. As a result, China's growing capabilities and its ability to reach beyond its borders are causing concern not just within the Asia-Pacific region, but in the West as well.*<sup>7</sup>

These moves did not go unnoticed nor did they always avoid creating tensions between China and the US, as well as its Asian neighbours. However the overwhelming sense that cheap Chinese labour in the hundreds of millions was providing an impetus to a previously stagnant world economy meant that the Chinese advance was accepted as part of the process by which the rest of the world would prosper. China entered the World Trade Organisation in 2001 and thus increased scrutiny of its international trading practices. This was an irritant for the Chinese Communist Party leaders (especially as the US was putting pressure on China to revalue the renminbi) but as getting rich was now “glorious” (Deng) the WTO seemed to offer more benefits in terms of export growth than disadvantages of US criticism. China's growth leapt, averaging 10% for years, and reached over 13% in 2007.

### **The global economic crisis**

However in that very year the collapse of the speculative bubble in those Western financial institutions which had first helped launch the transformation of China brought about a shift in circumstances and mentality. The bursting of the bubble which began in the USA in 2007 has often been portrayed simply as a further indication of the increasing weakness of the USA and its decline as an imperialist super-power. “The New World Order” which was hailed at the fall of the Soviet Empire in 1990 may have been global but it has not displayed much order as the continuing wars in Central Asia and the Middle East demonstrate. And the cost of imposing US order has become enormous as the wars in Iraq and Afghanistan demonstrate. Surely, argue the pundits that US economic problems will one day be translated into serious military problems? What though has been less emphasised is the impact the financial meltdown in the leading financial centres around the world has had on the global economy and on those who thought they were on the road to riches because of it.

China itself has not escaped the consequences of global economic stagnation. By the end of 2008 China had lost 20 million jobs as growth rates fell.<sup>8</sup> This might not sound so dramatic as China still enjoys by far the highest growth rates in a stagnant world economy. However since China has to have a growth rate of 8% to absorb the 35 million new entrants to the job market every year this was an enormous setback to the ruling class. With the reduction in the global market for Chinese commodities the response of the Chinese Communist Party was to introduce the Economic Stimulus Plan in 2009. This was a 4 billion yuan (£400 million) investment package to cut interest rates, free up banking capital, so more loans could be advanced to individual Chinese, and boost Government spending. The idea was to stimulate domestic demand to offset the decline in overseas markets. In fact what it has fuelled is some spectacularly useless infrastructure projects<sup>9</sup> and a boom in property speculation like that which preceded the collapse of the western financial institutions.

## **Imperialism**

At the same time China also decided to double its outward foreign direct investment (FDI) to more than \$500 million<sup>10</sup>. This is significant and goes beyond the usual speculative debate about when the US will be overtaken by China as the world's richest economy. China's future growth does not depend just on cheap Chinese labour but also on other factors. Energy and food security are paramount for a population of 1.4 billion and the search for it has become much more critical in the imperialist activities of all states. China has oil and abundant coal but neither in sufficient quantities to meet its needs (in oil it needs 9 million barrels a day but produces only 4 million and in 2010 coal consumption exceeded coal production for the first time)<sup>11</sup>. It is the same with food security. China has had record grain harvest for 9 years but even its own officials fear this may lead to reduced harvests in the future due to overuse of the land. Despite the drive for self-sufficiency in cereals China imported corn for the first time in 2009 and Chinese Premier Wen Jiabao visited Thailand in November 2012 to

*do a deal to help resolve their rice problems. China's need for imported rice is soaring and imports have risen almost four-fold this year.*<sup>12</sup>.

Despite the last two decades of economic growth not all Chinese have shared in it. 474 million Chinese still live on less than \$2 a day and are basically food insecure.<sup>13</sup> For some this explains why China has leased huge tracts of African land and invested in African agricultural technology although it has to be said that China is way behind India, Korea and the Middle East monarchies in this respect.<sup>14</sup> But we will see more of this kind of expansion in the future given the enormous food security problems China faces.

At the same time the inequality that we referred to above, where nearly half a billion people are excluded from the fruits of the wealth created in China, has begun to erode the authority of the Communist Party. Previously Chinese who were getting wealthier did not ask too many political questions. Corruption was accepted as the necessary way to get permits to carry out any activity and workers in the Enterprise Zones who were not allowed to settle there permanently were only too glad earn the cash to send home. But this has now changed. The number of strikes in China is difficult to establish but some sources argue that there are thousands if not hundreds of thousands every year. The most dramatic get publicised so that we get some insight into what is going on. In 2012 up to the beginning of October there were 541 such strikes. The last one for which we have details was at the Xinjei Electric Company in Xinxiang<sup>15</sup> when 10,000 workers (50% of the workforce) struck to get the first wage rise in 10 years. There is no such thing as a legal strike in China, they are all wildcats as the Communist Party unions are operating directly for the management. In most cases, as in this one, the workers decide at mass assemblies on their list of demands and then present them to the management. If the management refuses they take to the streets sometimes blocking roads to provoke the state to intervene. A risky strategy since half the time the state sends in the police to attack them but in the rest of cases it forces the factory owners to comply (as it did at Xinjei). As these strikes have become more frequent and widespread (especially since 2010) Chinese labour costs have risen dramatically and said to be six times that of, say, Cambodia. No wonder



*The country is already losing some of its manufacturing to countries like Vietnam. To make matters worse, productivity in China may be going backwards, according to Frederic Neumann, a Hong Kong-based economist at HSBC, it appears, he wrote last week, that a higher amount of capital investment is now needed to produce each unit of economic output.<sup>16</sup>*

This has been confirmed by other sources. Despite China's huge \$3 trillion sovereign wealth fund, its financial system appears to be stoking up a crisis of its own. This is largely due to the fact that state banks are lending to state enterprises for all kinds of investments which are not making a profit. According to the investment organisation GMO,

*Economist Andrew Hunt estimates that China's true public debt has increased by around 60% of GDP since 2007. If Beijing were to attempt to repeat the credit-fuelled stimulus package of 2009, its true debt-to-GDP ratio would exceed that of Greece.<sup>17</sup>*

In short although China is not in immediate financial danger (after all the state still controls so much of both the banking and financial sectors) the Chinese Communist Party may not have the financial freedom for manoeuvre that has been previously supposed. And then there are the social questions relating to the latest policies which are causing more strain within the country. Forced evictions from land for housing development, a rising number of environmental protests over China's squalid pollution as well as greater calls from within China for more "transparency" are all apparently increasing. The Chinese Communist Party has shown a surprising amount of flexibility and skill in controlling all these social conflicts but there is little doubt they are not going away. And like all ruling classes in history when faced with "a little local difficulty" one answer is to stir up nationalistic feelings against "foreign aggression".

### **A new Chinese belligerence in the Asian Pacific**

And China is not alone here. The South China Sea disputes are an ideal distraction from the domestic challenges facing all Asian countries (though with the added material promise in food and energy resources)<sup>18</sup>. The election of Abe in Japan on a promise to get tough with China and the recent decision of the Philippines under Aquino to take China to the UN for breaching international maritime law indicate that the global crisis is making the nationalist card attractive for the ruling classes of other states beyond China. China though is in the spotlight since not only is it assumed to be becoming the world's number one power but its new policy is such a striking departure from that of the late Deng Tsiao Peng. Instead of trying to quietly shelve disputes China seems to be playing them up and not just with one Asian neighbour but with a whole string of them at the same time.

The most publicised dispute has been that with Japan. In September 2012 the purchase of the Senkaku islands, from one of its own citizens, by the Japanese Government unleashed a xenophobic backlash against all things Japanese by the Chinese leadership (for whom these uninhabited rocks are called the Diaoyu Islands). Although officially the state was supposed

## **Imperialism**

to have tried to prevent the looting of Japanese businesses in China there are plenty of images on the internet showing that the police not only connived at the looting of Japanese stores but actually incited people to attack them. These were not the first anti-Japanese riots in China (the last were in 2005) but they take place against a background of the deliberate fanning of a nationalist sentiment in both countries. Japanese companies' losses are around \$126 millions and even greater losses are expected in the boycott of Japanese goods (like cars) in the immediate future. China has not so far responded like it did in 2005 by halting the shipment of rare earths to Japan (in direct breach of WTO obligations) but a new cold war has begun with the Japanese Navy patrolling the area around the islands and the Chinese responding by flooding the area with hundreds, if not thousands, of small "civilian" craft.

And this is not the only territorial dispute in which China is involved with its nearest Asian neighbours. From the Kurile Islands north east of Vladivostok to the Spratlys in the South China Sea China is at loggerheads with Japan, Taiwan, the Philippines, Malaysia, Brunei and Vietnam. What has made them more significant is the increasingly aggressive actions adopted by the Chinese leadership since 2010. The Chinese have virtually driven the Philippines from the oil-rich Spratly Islands by building a base on the biggest island. In retaliation the Philippines has only protested so far but also symbolically changed the name of the "South China Sea" to the "West Philippine Sea" on its own maps.

Vietnam is the only big producer of oil in the region with the state-owned oil company PetroVietnam producing 24.4 million tons, or 26 percent of Vietnam's total production, in 2010 from three fields in the South China Sea but its current reserves are thought to be limited. With production in established fields declining, PetroVietnam has concluded 60 oil and gas exploration and production contracts with various foreign companies to explore other areas of the South China Sea. This aroused the ire of the Chinese. In May 2011, Chinese patrol boats attacked two Vietnamese oil exploration ships near the Spratly Islands cutting their exploration equipment, and the incident sparked several anti-China protests in Vietnam (and in Vietnamese exile communities around the world). In the same month Chinese naval vessels opened fire on Vietnamese fishing vessels operating off East London Reef (also known as Da Dong Island). This was not the last incident and at least 4 Vietnamese fishing boats have been fired on in the same area since. In retaliation Vietnam's National Assembly passed a resolution in July 2012 demarcating Vietnam's sea borders to include both the Parcel and Spratly Islands

Not to be outdone the Chinese Government's latest wheeze is to issue passports with a map inside of all areas that China claims. This shows not only the entire South China Sea as Chinese territory but also Taiwan, the Indian state of Arunachal Pradesh as well as the Himalayan state of Aksai Chin. Since the war of 1962 the border between India and China is still largely unmarked and the Indians claim that China occupies over 40,000 square kilometres of its territory in Aksai Chin. The Chinese strategy is quite clever as other Asian governments have to stamp a document which implies accepting Chinese claims. Whilst Vietnam and the Philippines have protested that the passports are breach of international law, India has retaliated by issuing visas to Chinese citizens with a map showing its own version of the border!

Things finally came to a head at the ASEAN-China Summit in Phnom Penh in July 2012 where the Philippines attempted to bring up Chinese aggression in the South China Sea. The Cambodian presidency (Cambodia is a staunch ally of China) attempted to prevent the discussion only to get an angry response from Aquino, the Philippine President. For China, Wen Jibao declared that the islets in the West Philippine Sea have been “Chinese territory since ancient times and no sovereignty dispute exists” and justified Chinese actions on those seas as “appropriate and necessary”. Such a response hardly endeared China to the majority of those present but its refusal to back off is not only a reversal of Deng’s central policy it is also based on the calculation that China is economically indispensable for the future wealth of the South East Asian countries and they will therefore be forced to accept Chinese imperialist reach. The key to the response of China’s neighbours lies in the US which almost certainly gave the green light to Aquino’s challenge in Phnom Penh.

### **US imperialism in the Pacific**

Over the last decade or so there has been no shortage of calls amongst the US ruling class for the US administration to “do something” about the rise of China. In fact the Republican Right has become so hysterical about the issue its jingoistic rhetoric more than matches the nationalist blogs which Beijing is allowing on the web in China today. For many of the capitalist class in the US the decline of its economic and military power is increasing and it has all got to do with the “unfair” competition from China. According to many in the US ruling class Beijing might have joined the World Trade Organisation but it does not “play by the rules” nor does it have a fully convertible currency. Even then the renminbi is deliberately undervalued to boost Chinese foreign sales and undermine US production. Typically though these blinkered imperialists forget that it was US companies investing their capital in the Economic Enterprise Zones set up by Deng that kick-started the “rise of China”. It was US companies who benefited from the low cost of Chinese labour power to create the cheap goods with which they flooded the US market and thus were in a position to keep down labour costs in the US. On the other side the Chinese cannot be entirely happy sitting on \$3 trillion of (mostly) US cash which has been losing value at roughly 8% a year since 2007. Little wonder that the Chinese state now insists that the renminbi be used for at least part of many new transactions in contracts in the future. More surprising was the speech by Jin Li qun (head of the China Investment Corporation which controls China’s sovereign wealth fund) at the recent Davos conference of the World Economic Forum. Taking a leaf from the US book he thought to lecture the US on not overusing the money printing press if it wanted to maintain confidence in the dollar.

Despite the talk of making the Pacific a “pivot” the US has not exactly been absent from the area for the last 60 years. It had something like 32 bases there including its largest overseas naval facility anywhere at Yokosuka in Japan. It has underwritten the defence of Japan ever since the end of the Second World War (although some Japanese leaders, including the current Prime Minister, are now talking of altering Japan’s “pacifist” constitution in order to expand its “defence forces”). The US already has more troops (50,000) in Japan than any other country in the world with a further 28,000 in South Korea and another 49,000 on home soil in Hawaii. Thus talk of a

## **Imperialism**

pivot to Asia can only mean an even bigger build-up of US might in the area.

But “the first Pacific President” was not free to act so quickly in his first term. Dealing with the fallout from the financial collapse of 2007-8 was more of a priority. A new initiative also required the US to extract itself, at least to a certain extent, from the mire in Iraq and Afghanistan before it really could be viable. With the retreat from Iraq and the prospect of a wind-down in Afghanistan in 2014, the US has opened up more room for manoeuvre. A clear sign of this came with Obama’s trip to Australia in November 2011. Announcing the opening of a new base for 2500 marines in Darwin Obama told a Canberra audience that *The United States is a Pacific power and it is here to stay.*<sup>19</sup>

His National Security Adviser Tom Donilon though spelled out the idea more clearly in an article in the *Financial Times* a year later.

*Asia Pacific will be more secure and prosperous when nations uphold the values that are universal. It is no coincidence that our closest allies in the region are strong democracies. Our common values are a fundamental source of strength, which is why America partners with growing democracies such as Indonesia.*<sup>20</sup>

You don’t need to be a political genius to see that, with the talk of “democracy” and “values”, the Asian pivot is specifically aimed at China even if the US tries to pretend otherwise. Given this the title of Donilon’s piece “America is back in the Pacific and we will uphold the rules” makes US’ intentions clear.

In June 2012, the Defense Secretary Leon Panetta had already announced in a regional defence forum in Singapore that the US Navy would shift 60% of its resources in the Pacific over the next decade. This means that 6 aircraft carriers (at the moment there is just one), along with the majority of the Navy’s cruisers, Littoral Combat Ships and submarines will be deployed in the Pacific. The number of naval exercises with allies (Japan and South Korea) is to increase too. This is despite the fact that the Pentagon has already agreed to cut \$485 billion from its budget over the next decade but “budget restrictions will not come at the expense of that critical region” (Obama)<sup>21</sup>. An even greater proportion of US military expenditure will thus be directed at the Pacific where it already has a large presence.

*With nearly 30,000 U.S. troops in Korea, up to 2,500 Marines headed to Australia, and about 26,000 troops in Japan, an American presence in the region is nothing new. But the additional U.S. presence will be used to bolster alliances with countries like Singapore, the Philippines, Indonesia, Malaysia, India, Vietnam, and New Zealand.*<sup>22</sup>

And that is not all. The building of a new missile base has begun in Japan. This is in addition to the recently opened Marine base at Darwin in Northern Australia. To bolster Philippine resistance to Chinese bullying, the old US bases closed after the fall of the Marco regime are to be re-opened. Clark Air Base and its military reservation are 244 square miles of land that played a vital role

for the U.S. during the Vietnam War and is capable of hosting the largest of America's military aircraft. Subic Bay played an even greater role in U.S. operations and until the withdrawal in 1991 it was the largest overseas US military base in the world. The waters at Subic Bay can host U.S. submarines and the largest of naval ships.

And at the same ASEAN-China summit in July 2012 that we referred to above Secretary of State Hillary Clinton arrived after a tour of Japan, Mongolia, Vietnam and Laos arrived in Cambodia to lecture the Chinese on respecting freedom of navigation in the South China Seas. ASEAN and its connected organisations has been China's favoured forum for advancing its interests, particularly the ASEAN Regional Forum (ARF) which excludes the US. It has used this to make generous individual trade deals with the other ASEAN countries and in return it has operated on a consensual basis with no one asking any awkward questions about China's sovereignty claims. This is now being challenged by the US.

After years of opposition by the members of the Shanghai Cooperation Council<sup>23</sup> the US joined (alongside Russia) the East Asia Summit in November 2011. It immediately made its presence felt at the Seventh summit meeting just a couple of weeks after Obama was re-elected. The meeting achieved nothing thanks to the repetition of the same stand-off between the Philippines and China over the Scarborough Shoal dispute which had occurred in July. By insisting that the sovereignty disputes should be discussed in the ASEAN dominated forums the US is spoiling the Chinese aim of getting closer and closer trade links through them. No surprise then that the Chinese Communist Party media should denounce the US for "sowing the seeds of discord" in the ASEAN meetings which it does not consider the appropriate forum to discuss territorial disputes.

*Shi Yinhong, an expert on international relations at Renmin University in China, said ... China was concerned about maintaining good relations with Asean and that the bloc should look carefully at Beijing's stance on the wider issue, noting: "China's position is that for the territorial dispute they will only accept negotiations between individual countries. For maritime rights I think it is much more flexible."*<sup>24</sup>

US imperialism though is not content with simply acting as a spoiler for Chinese projects in Asia. It also thinks it has some big advantages in enticing the Asian countries further into its orbit. The vehicle for this is the Trans-Pacific Partnership (TPP). Whereas China, a country in which the state stills plays a dominant role in the management and even ownership of the bulk of the economy, seeks cooperation at governmental and state level the US approach is entirely different. They seek to promote international cooperation through the old fashioned capitalist values of "free trade, democracy and transparency". Thus the TPP is supposed to be a pure trade agreement (like NAFTA) open to all in the Pacific Rim (Canada, Chile and Peru have already signed up) but only 2 of its 25 chapters are about trade. According to *Foreign Policy* magazine

*The TPP is being structured around principles America champions in terms of transparency, protection of intellectual property, labor rights, environmental protection, and so forth (these could be considered to be "WTO plus"). While Obama noted that all who accept its principles will be welcome to join, the TPP*

## **Imperialism**

*principles differ greatly from those that guide most Chinese actions in the economic and trade arena. China is not among the initial group of countries negotiating to establish the TPP.<sup>25</sup>*

But what kind of “transparency” are they talking about when the terms of the agreement are not actually open to the public outside the CEOs of a few huge corporations like Goldman Sachs. It is a charter for monopoly finance capitalists.

*The rules it creates would override domestic laws on the environment, workplace safety, and investment. Of course, it's not really possible to talk about the details because there are no publicly available drafts.<sup>26</sup>*

The reason for the secrecy is that Congress has to vote on it and the President's advisers don't want them to scrutinise it too closely. They just want a quick debate and quick vote. Some journalists are already pointing out that it will be like NAFTA and that the net effect will be the loss of further US jobs to Asia (although naturally a higher return on investment for the US finance houses).

In fact the TPP strategy is founded on monopoly capitalist ideology. All sections of the capitalist class in the US believe that if all tariff walls came down and there was a level playing field in global trade then the superiority of US productivity would win the day. But this is like living in the past. Tariffs and regulations are not the real barriers to trade today as they were before the Second World War. The barriers are more sophisticated and hidden like currency manipulation, cartels that control distribution and the supply of materials and parts, tax and financial investment incentives, and even judicial systems that favour local business (as BP in Russia will testify). The fact that the Securities and Exchange Commission has also charged the Big Four accounting firms and their Chinese partners with failure to provide accounting data appears to be part of the same strategy<sup>27</sup>. The TPP looks more like part of an ideological crusade rather than a workable project.

However this has not stopped its continual promotion and no matter the ethics the race is on to get more countries to sign up to it. Obama's first act after re-election was to head for Thailand, Cambodia and Burma (Myanmar) as the first step of his “Asian rebalancing”. Burma's military dictatorship has long been a pariah in the West so it has relied on Chinese (and Indian) military and economic support during the long years of sanctions. Now the cosmetic “democratic” reforms of Thein Sein in 2010, which have done little to improve its reputation as one of the most brutal regimes in the world, have led to a procession of Western leaders from Jose Manuel Barroso to Obama (including Cameron) arriving in the country. They are not just there for a photo-op with Aung San Suu Kyi. It is clear that the campaign is one to counter the long-time support of China. For China Burma is not only a source of raw materials where it has invested billions in mines and dams it is also of great strategic importance. In May this year an 800 km gas pipeline is due to open to connect Kunming in Yunnan province with the Indian Ocean.<sup>28</sup> An oil pipeline as well as road and rail links are set to follow in 2014. This is a major leap forward for Chinese strategic interests in the Indian Ocean as well as providing a much cheaper route for its gas and oil. It is another success for China's non-judgemental approach to imperialism. The Burmese generals signed the contract for this in 2006 just after China vetoed a UN Security

Council resolution condemning their human rights record.

Since the 2007 global crash (plus the effect of Typhoon Nargis) the Burmese economy has been in dire straits with food riots and at least 5 insurrections by ethnic minorities against the brutality of the military's oppression. Never mind though, Burma is now "en route to democracy" and any deal benefits both sides. The regime has already seen the Paris Club of rich countries cancel \$6 billion of its debt (half of this by Japanese lenders – Japan has its eyes on the port of Dawei – and the promise is that it will get much needed inward investment). The West sees it as a start to counter-balance China's influence inside the country.

Given all of the above moves it is clear that US disclaimers that the "pivot to Asia" is not intended to counter Chinese expansion are about as believable as Adolf Hitler's Munich promises.

### **The contradictions of the World imperialist order**

China-US relations have arrived at a new stage. Hitherto both states economic interdependence on each other has been so great that neither has had an interest in being the first to break the mould. After the collapse of the speculative bubble and the 2011 raising of the US debt ceiling yet again many Asian states (the holders of the majority of US government bonds) saw this as direct evidence that the US was now on the definite path to decline. There was little hope but to try to curry favour with China through the ASEAN partnership and even to accept the Chinese military actions in the South China Seas (as the Philippines initially did when it abandoned the Scarborough Shoal). The US though has had to re-assert its position in Asia. Whilst the US had been careful to distance itself from getting involved in the territorial disputes up to this year, it recently told the Chinese Government that it recognises the Senkaku Islands (which were taken by the US in 1945 but given back to Japanese administration along with Okinawa in 1972) as Japanese-administered, without referring to the question of ownership. For the Chinese ruling elite this is a further indication that the US intends not only to get involved in territorial disputes which are close to the Chinese mainland but is also intent on a policy of encirclement.

There is no doubt that the US return to the Pacific has been welcomed by many of its old allies (particularly Japan and the Philippines). On their part this is not simply an anti-Chinese policy. Many of them recognise that they have a mutual interest in trade with China (the Japanese carmakers' response to the trashing of their cars in China's riots in 2012 was to offer to replace them free) but the refocus of the US now means that China no longer has a free hand in the area and thus they hope the balance can be redressed. India, Vietnam, South Korea and the Philippines have all welcomed the new US policy in this respect whilst states like Burma are now clearly hoping to play one side off against another.

We thus don't want to fall into the old error of so many Marxists in the past of exaggerating the potential for conflict in the short term. The imperialist moves we are seeing today are barring accidents unlikely to have immediate consequences in 2013. China and the US still have much mutual interest in muddling through the crisis but the problems both face in a variety of areas

## ***Imperialism***

mean that any rapprochement is difficult. With China's growth now not considered capable of meeting its needs as an economy which can provide more jobs (Cambodia can offer wage rates of one sixth of China's but lacks the volume of workers with the same skills as in China) the tensions will be racked up. The US too has its problems. Leaving aside its enormous debt burdens, and its incapacity to deal with its fiscal crises, its manufacturing base now accounts for only 9% of its GDP and 25 million Americans are incapable of finding a decent job. All this creates pressure for more economic protectionism. At the highest levels there is no real dialogue between the US and China. The leaders exchange platitudes about mutual benefits from China's growth whilst the military on both sides have no dialogue and are known to be preparing war plans against each other.

And the coming confrontation in the Pacific is not isolated from the rest of the imperialist crises around the planet. South Korea and China both import oil products massively from the Middle East where the convulsions in the Arab world continue to roll on. The rise of Islamic fundamentalism in the countries which have ditched their pro-Western dictators (and even Gaddafi could be called one in the end) is not the end of a story but part of an ongoing imperialist struggle which has lasted decades.

The intervention of the Islamist monarchies in Qatar and Saudi Arabia has ensured that the murderous regime of Assad has become locked in a war claiming at least 60,000 deaths in Syria. This is no civil war but in reality another imperialist proxy war. The Qataris and Saudis are supplying the weapons whilst the Americans and Europeans look on benignly (after all it undermines the Russians and Iranians and, by proxy, the Chinese still further in that region) even though they may come to regret it later.

At the same time the war in Afghanistan "drones" on, Israel threatens to launch a pre-emptive strike against Iran, Iraq is on the brink of civil war, African states, themselves the artificial creations of colonial regimes, from Mali to the Congo are disintegrating and the Argentine government is loudly calling on the British to "give back the Malvinas".<sup>29</sup> In this article we have not even found space to analyse the arms race between the two Koreas (both have been launching missiles in the last few weeks). Behind all these phenomena lies the increasing acuteness of the global capitalist crisis. The implosion of the speculative bubble on which capitalism had relied to deal with its crisis of accumulation for the last 20 years or so has laid bare all the rivalries and narrow interests of all the powers, big or small, as they whip up nationalism to hide the fact that they have no real economic solution to the fallout from 2008. On the one hand they are making their populations pay for the crisis in austerity programmes, and on the other they are pointing the finger at other countries, or the citizens of other countries, to whip a nationalist frenzy in support of the existing state. This not a paradox, but the logical response of all imperialist states in times of stress.

And whatever happens in the short term the need for global capital to engage in a massive devaluation (even greater than the banking write-offs we have seen in the last 5 years) of capital ensures that the crisis behind it all will not go away. At some point one of the major players in all this will be faced with a situation where it sees a tipping point beyond which its interests can



no longer be defended.<sup>31</sup> It may be over energy or food security or something else, and it may not come soon, but given the nature of capitalism (which despite globalisation) has never passed to that happy state of cooperation so expected by Kautsky<sup>32</sup>, come it will. The only force which can stand in its way is the collective internationalist might of the world working class everywhere. “Socialism or barbarism” remains our slogan.

Jock

## Notes

1 For a longer explanation of our view on this see *Chinese Imperialism, A New Force in Africa in Revolutionary Perspectives 47* (Third Series) now on our website at <http://www.leftcom.org/en/articles/2008-09-01/chinese-imperialism-a-new-force-in-africa>. We have not repeated here the analysis made there of the rise of China or the fact that it was never a “communist” state as Maoist fantasists proclaimed. The current article should be read in conjunction with that one.

2 *Chinese Foreign Relation Strategies Under Mao and Deng: A Systematic and Comparative Analysis*

Joseph Yu-Sek Cheng and Franklin Wankun at <http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=4&sqj=2&ved=0CElQFjAD&url=http%3A%2F%2Fjournals.upd.edu.ph%2Findex.php%2Fkasarinlan%2Farticle%2Fdownload%2F14151%2F1373&ei=jr78UOu5tT10AWT8IHgDA&usq=AFQjCNFEYHJbqe6kEekP5FomK0ftFvDtwA&bvm=bv.41248874,d.2k>

3 These principles are: Mutual respect for each other’s territorial integrity and sovereignty, Mutual non-aggression, Mutual non-interference in each other’s internal affairs, Equality and mutual benefit, and Peaceful Co-existence. They were actually first enshrined in a treaty between China and India in 1954. This did not stop the two countries fighting over a border dispute in 1962!

4 See the article in *Revolutionary Perspectives 47* (Third Series) referred to above.

5 [http://worldnews.nbcnews.com/\\_news/2012/09/04/13651481-pacific-micro-nations-cash-in-on-us-china-aid-rivalry?lite](http://worldnews.nbcnews.com/_news/2012/09/04/13651481-pacific-micro-nations-cash-in-on-us-china-aid-rivalry?lite)

6 The main ones are in Marao, Maldives; Gwadar, Pakistan; Chittagong, Bangladesh; Sittwe, Burma; Lamu, Kenya; and Hambantota, Sri Lanka.

7 <http://thediplomat.com/whats-next-china/avoiding-us-china-military-rivalry/>

8 NBC News 7.12.2012

9 See Simon Rabinowitch *China’s Road to Nowhere* in the FT 16 July 2012 at <http://www.ft.com/cms/s/0/4f232cdc-cf45-11e1-bfd9-00144feabdc0.html#axzz2JSPoLgWR>

10 See Ken Davies “While Global FDI Falls China’s Outward FDI Doubles” (OECD 2009)

11 Figures from Indexmundi.com

12 Wall Street Journal 25.11.2012

13 <http://www.thesolutionsjournal.com/node/1058>

14 <http://www.guardian.co.uk/global-development/2012/may/10/chinese-food-security-investments-africa>

15 See chinastrikes.crowdmap.com

16 Paul J Davies “Between the lines of China’s never-ending growth story” *Financial Times* 18.4.2012

17 See <https://www.gmo.com/America/CMSAttachmentDownload.aspx?target=JUBRxi511IA6KcUdqStlwXyKFLDu0ahg i%2FvwwPhMBjQBjRm%2bRlnDmOmauxY3ielGb5rFygoEVVoFXDEs8Gu%2bAycYJBUNhP4Y3avDPBk7WVUGH2FqmGe9A%3d%3d>

18 “The waters are rich in energy resources and fisheries and an estimated \$5tn (£3tn) of cargo – half the world’s shipping by weight – passes through them each year.” *The Guardian* 20 November 2012

## Imperialism

19 *FinancialTimes* 18.11.2011

20 27 November 2011

21 Geoff Dyer *China and US create less pacific ocean* in *FinancialTimes* 13.2.12

22 Read more: <http://www.businessinsider.com/the-majority-of-the-us-naval-fleet-is-headed-to-the-pacific-to-be-closer-to-china-2012-6#ixzz2HyC1tMn> The figure for US troops in Japan is half the figure quoted earlier (which is also the one in Wikipedia). The higher figure may include naval and administrative personnel.

23 The Shanghai Cooperation Organisation consists of Russia, its former Central Asian satellites and China. Iran and India are among those with observer status in it. It was Chinese opposition which prevented US adhesion to the East Asian Summit earlier and the quid pro quo of also including Russia seems to have brought this about.

24 <http://www.guardian.co.uk/world/2012/nov/20/obama-asian-leaders-tensions>

25 <http://www.foreignaffairs.com/articles/137727/bernard-k-gordon/trading-up-in-asia>

26 <http://www.guardian.co.uk/commentisfree/2012/aug/27/pacific-free-trade-deal>

27 These are BDO China Dahua Co. Ltd, Deloitte Touche Tohmatsu Certified Public Accountants Ltd, Ernst & Young Hua Ming LLP, KPMG Huazhen (Special General Partnership), PricewaterhouseCoopers Zhong Tian CPAs Limited. See <http://www.sec.gov/news/press/2012/2012-249.htm>

28 See David Pilling *China's pipeline marks the scramble for Myanmar* in the *FinancialTimes* Jan 31 2013

29 And no doubt readers will notice that this list does not even include the joker in the pack – North Korea.

30 For an introduction see <http://en.wikipedia.org/wiki/Ultra-imperialism>. Kautsky assumed that imperialism was an aberration which the capitalists could ditch when they did not need it (as they had previously ditched “free trade”) as peace was the best condition for capitalist accumulation. What he did not see that under monopoly conditions the competition between capitalists now meant competition between states. Imperialism was not a free choice or policy but was imposed on capitalism by the material conditions of its own accumulation process.

31 As with Germany in 1914. The German general staff already had a twenty year old war plan in their cupboard (the Schlieffen Plan) but they saw that if they waited until 1916 the Russians would have developed their rail network enough to mobilise more quickly than the plan allowed. On the other hand Russia and Britain were quite happy to enter what they thought initially would be a short war to divert attention from the class struggle at home.

32 For an introduction see <http://en.wikipedia.org/wiki/Ultra-imperialism>. Kautsky assumed that imperialism was an aberration which the capitalists could ditch when they did not need it (as they had previously ditched “free trade”) as peace was the best condition for capitalist accumulation. What he did not see that under monopoly conditions the competition between capitalists now meant competition between states. Imperialism was not a free choice or policy but was imposed on capitalist by the material conditions of their own accumulation process.

**The Communist Workers' Organisation (North East Section) holds regular meetings in Durham open to all who are interested in defending the independence of working class action. These usually take place on the first Wednesday in the month.**

**The next open meeting will be on**

**Wednesday March 6 at 7.00 p.m. in**

**Room 12, Alington House, 4 North Bailey, Durham, DH1 4 ET**

## Eurozone Crawls Towards Federation

**A**t the start of the Eurozone crisis in 2010 we noted Europe was at a cross roads - it could take the road of economic and political integration or the road to collapse of the Euro and with this and the entire European project. Of course the European ruling classes, in particular Germany and France, always understood that this was the case, yet there was reluctance to take decisive steps towards integration. This vacillation was due to residual nationalism in the member states and fear of a German-dominated Europe. However, under the relentless blows of the crisis many of the European bourgeoisie have realised that there is now no alternative.

The last 9 months have seen it take decisive steps on the path to political integration. The key event was the European Central Bank's (ECB) statement in July that it would buy unlimited quantities of government bonds to support the Euro. The technical details of these purchases, which are called Outright Monetary Transactions (OMT) were finalised in September. They, of course, come with a lot of conditions. The country requesting such support must request a loan from the newly established European Stability Mechanism (ESM) and then submit to fiscal and budget supervision and a "macro-economic stability programme." The last condition sounds much like the austerity programmes foisted on Greece, Ireland and Portugal.

As the crisis intensified there have been a succession of documents from the European Commission (EC) and summits of European leaders calling for greater unity and integration. The most significant documents from the EC have been those issued in September and November. In September the EC called for a banking union within the Eurozone, and in November it called for the Eurozone to provide itself with powers to create a common treasury, to tax and to produce common bonds for all Eurozone states, the so-called Eurobonds. In December the first step in implementing the proposals contained in these documents was taken by a European summit which agreed to create a European banking union which would supervise Europe's 200 largest banks.

These moves have restored international confidence in the Euro and the European project. Indications of this are that capital has started to flow into Europe's peripheral states and these states have again been able to borrow on the international capital markets. In the last 4 months of 2012 the distressed states on the periphery of the Eurozone, Portugal, Ireland, Italy, Greece and Spain (the PIIGS) saw a net inflow of private capital of €92.7bn. This represents a massive change in assessment of global financial capital of these countries from the previous 8 months, in which there had been a net outflow of €406.4bn. Since the ECB pledge to buy short term bonds interest rates on government bonds have fallen dramatically for all the PIIGS. In the last 4 months of the year all these states, even Greece, have successfully sold bonds on the international markets to fund government expenditure.

Two recent studies, one from Allianz, the German financial services company, and another by the German bank Berenberg together with the Lisbon Council think tank, praise Greece, Spain, Portugal and Ireland for making progress in structural adjustment and note that their competitiveness is improving and that the current account deficits of Greece, Spain and Portugal have shrunk while

## **Eurozone**

Ireland is now running a surplus. The Berenberg report concludes the Eurozone could emerge from the crisis in 2014 with faster growth than its main competitors.

Olli Rehn, the vice president of the European Commission, writing in the Financial Times on 11 December is similarly optimistic.

*“Austerity is working. Ireland has returned to the debt markets, more capital is flowing into Spain than out of the country, Italy sold a 10 year bond at the lowest rate since 2010. Current account imbalances have fallen”*

Many of the measures which have rekindled confidence in the Eurozone were previously opposed by Germany and represent an apparent change in strategy.

### **A reversal of strategy or a longer term strategy**

In October the IMF started to question the effectiveness of the austerity being imposed on Greece. It concluded that the debts could never be repaid without growth. At the Davos summit in January IMF chairman, Christine Lagarde, went further and said Europe needed a plan for growth. These statements represent an apparent break in the phalanx of the so-called troika of, the IMF, ECB and EU who supervise the loans to the bailout countries.

This, together with the measures mentioned above, have not been rejected by Germany. In fact the German hawks have gone along with the ECB bond buying and a relaxation of the austerity regimes. This has been notable in the case of Greece. In November the ECB agreed to give up €15bn profit Greece should have paid it on its bonds. A further move was to lower the interest rate from Greek loans from 0.8% to 0.5% above the interbank rate and to return all profits the ECB makes from Greek debts to Greece. The time at which Greek debt to GDP is supposed to reach 115% is to be extended from 2020 to 2022 which will entail further losses for lenders. In November Greece was authorised to use €10.5bn of the latest bailout package to repurchase its debt on the open market. As the debt was trading at 30% of its face value this should allow Greece to write off about €35bn of debt. The German finance minister Wolfgang Schauble acknowledged that he and his Eurozone counterparts had agreed to further debt relief when the Greek primary budget reached a surplus. What has become of the steely-eyed financial disciplinarians of the Bundesbank? Is this a reversal of strategy or was it always intended to write down the debts and provide a stimulus for growth after the delinquent states had been whipped into shape? To answer this it is necessary to examine the position of Germany in the rapidly changing world economy.

### **Germany and the Eurozone**

Germany is the largest economy in the EU accounting for over 25% of its GDP and the largest contributor to the EU budget and it is not surprising, therefore, that it is the key force in tackling the Euro crisis and driving the process of European integration.

Germany is a major trading nation and its exports together with its imports make up about 90% of its Gross Domestic Product (GDP). It was the world's top exporting nation between 2003 and 2008 and only lost this position to China in 2009. Even so her exports have continued to rise and in 2011

she supplied 7.5% of the world's exports and imports. In this year Germany ran a trade surplus with the world of €158.2bn, however, the importance of the EU to Germany is shown by the fact that €119.1bn or 75% of this was with the EU and of this while €80.3bn, approximately half the total, was with the Eurozone. The peripheral countries which have had to be bailed out or are approaching bailout are also important trading partners. Table 1 shows that of the €80.3bn surplus which Germany has with the Eurozone the PIIGS account for €23.6bn or 28% of the trade surplus.

### Germany's trade with Bailout countries PIIGS (2011)

Country	Exports € bn	Imports € bn	Balance € bn
Italy	62.12	48.31	13.8
Spain	34.86	22.51	12.24
Portugal	7.03	4.68	2.34
Greece	5.09	1.95	3.13
Ireland	4.34	11.73	-7.91
Total for PIIGS	113.44	89.18	23.6
	Comparative Figures		
France	101.5	66.46	35
UK	65.33	44.89	20.4
China	64.7	79.16	-14.4

Table 1 (€ for 2011, = \$1.35 approximately)

In addition to being markets Spain, Italy and Ireland are home to some \$84bn of German foreign investment.

In the last two decades German capital has also globalised itself. The 30 largest companies listed in the DAX 30 stock market index had 57% of their employees working abroad in 2008, and 6115 German companies had 29000 foreign affiliates employing 2.8 million workers in foreign countries. German capital has also established itself in Eastern European countries in particular the Czech Republic, Hungary and Poland. German capital in these countries amounted to \$29.6bn, \$23.6bn and \$25.9bn respectively in 2007 and 25% of its imports from Eastern Europe are now from affiliates of German companies. According to Olli Rehn, vice president of the European Commission:

*“The central European countries are now integrated into Germany's supply chain”.*

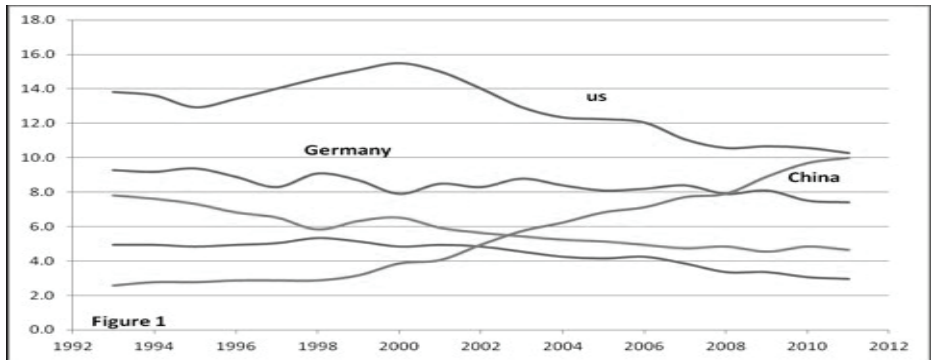
German stock of Foreign Direct Investment (FDI) in 2010 was \$1.42tn which is approximately 3 times what it was in 2000, and over 60% of this was in the EU.

These figures indicate the international nature of German capitalism but also the importance of the EU to it. However, the balance of world trade is changing and German capital needs to adjust to this.

## Germany and the rise of the Asian economies

Since the early 90s Germany's position as a global trading nation has suffered a steady relative decline. This has been caused by the rise of the Asian nations in particular China. This is illustrated in Figure 1.

China has become a key power in global capitalism and its share of world trade is now almost equal to that of the US. It is a major destination for foreign investment but also a major exporter of capital. In 2011 FDI flowing into China amounted to \$111.9bn while capital exported was \$77.2bn or approximately 70% of the capital brought into the country. It is no surprise, therefore, that the



older developed capitalist states, in particular the US and Germany, are trying to reorient their trade towards China and to a lesser extent the other rising Asian economic powers.

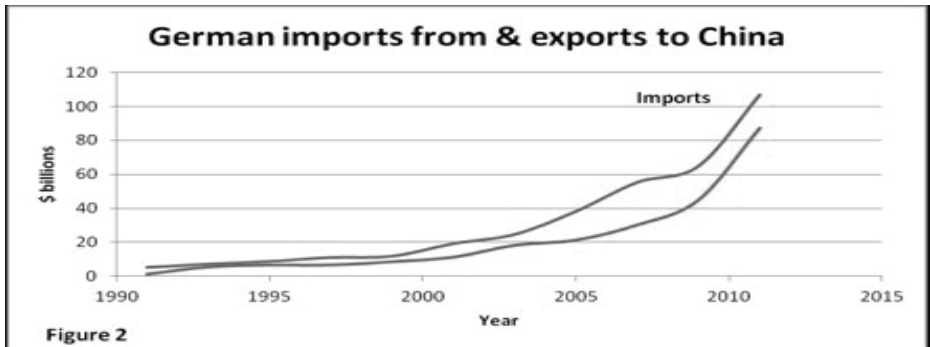
Figure 2 shows the dramatic increase in German trade with China over the last two decades.

From a figure of approximately \$12bn in 2000 trade has increased by a factor of 17 to \$202bn (€150bn). German investment in China now amounts to €26bn while Chinese investment in Germany is €1.2bn. There are now 1300 Chinese funded enterprises set up in Germany. The Chinese ambassador to Germany Wu Hangbo stated,

*“The economic structures of the two countries are reciprocally complementary rather than competitive. China’s comparative advantages in manufacture will complement Germany’s technological ones.”*

When the ambassador speaks of China’s advantages in manufacturing he means, of course, the lower costs of labour power in China which are approximately 1/20 of those of the EU. Germany and the EU cannot compete in lower technical content manufacturing and must look for the future in more complex and sophisticated manufacturing. This can be achieved through incorporating lower value manufacturing in China into German high tech manufacturing. Germany is attempting to incorporate Chinese production into its supply chain and the increase in trade and deficit with China indicate the path the German bourgeoisie is pursuing.

The intended reorientation of German trade is illustrated by German Chancellor Merkel’s visit to



China in June 2011 in which she signed a €10.6bn trade deal involving major German companies, Airbus, Volkswagen, Siemens, and others, and agreed with Chinese prime minister Wen Jiabao to increase annual trade by a third to €200bn.

For German capitalism to succeed in this changing world the collapse of the Eurozone, the demise of the € and the collapse of the European project would be a disaster. Rather than allowing the disintegration of the Eurozone, Germany needs to keep the EU as a home market and mould it to the needs of German capital accumulation. Similarly the common currency must be sustained. The use of the € in the Eurozone alone is estimated to save German capitalism at least €10bn annually in currency charges and, of course, stimulates Eurozone trade. The currency now operates as a global reserve currency and is used for international trade, which gives capital based in the Eurozone a significant advantage in international trade. It also enables the Eurozone to drain a section of global surplus value into the zone through the control of currency issue by the central bank, as discussed below. While all this appears perfectly obvious, the apparent ambiguity of Merkel and her henchmen in the face of the Euro crisis needs to be explained.

The crisis has shown the € currency cannot succeed as originally conceived. As the ICT has repeatedly pointed out, economic and political union are required to sustain the currency, and this was the direction in which the Eurozone would move under the pressure of economic forces. Although German politicians have realised this they have hesitated. They feared that the costs of remoulding the peripheral countries to the needs of German capital would ultimately be borne by Germany herself. Germany would become the paymaster for the transitional phase which is why we have heard so many complaints from Berlin about the Eurozone becoming a “transfer union.” The German bourgeoisie have the experience of incorporating former East Germany fresh in their minds and do not wish to go through a similar experience with the PIIGS. It is estimated that the costs of incorporating East Germany into West German capitalist regime amounted to approximately €100bn annually and held back the German economy for over a decade. This needs to be compared with the more favourable process of the integration of the Eastern European states, particularly Poland, the Czech Republic and Hungary where the costs of structural changes and reduction of labour power costs was loaded onto the national bourgeoisie and the working class of these states. While the German ruling class is clear that the Eurozone needs to become more integrated, capital restructured and the cost of labour power needs to be cut to the bone, it wishes to avoid

## **Eurozone**

shouldering the costs of these reforms. Instead it has hoped to load the costs of these changes onto the states themselves along the lines of the Eastern European experience.

The strategy of the German ruling class has been to use the crisis as a cover for pushing the costs of reforms they deem necessary for the Eurozone peripheral states onto those states themselves, via draconian austerity programmes. Once this austerity has run its course further integration of the Eurozone can take place. However, the austerity programmes have produced sharp falls in the GDP of the PIIGS and sovereign debts so high that more austerity will simply produce a downward spiral to economic collapse. If the Eurozone is to survive there must be economic integration and sharing of the debts, that is to say the Eurozone must become a “transfer union” like a genuine federal state. If the Eurozone were a single state its budget deficit and debt to GDP ratios would be far better than those of the US or the UK. This means, of course, that Germany’s enormous trade surplus must in some way be shared out with the deficit countries. The German ruling class has realised this but are determined to exact the highest price from the peripheral states.

The implementation of the austerity regimes has been accompanied by an ideological campaign against what the German ruling class see as the delinquent states. These states are castigated as responsible for what has happened to them, their ruling class are vilified as feckless and dishonest and their working classes are lazy and workshy and wallowing in state benefits and early retirement. All this has lit a flame of residual nationalism in these countries which, of course, is a threat to the entire process of integration. However the severity of their economic situation is snuffing this out and forcing them to go along with the German plans. The local ruling classes can see no alternative.

### **Restructuring of capital and reduced living standards for workers**

Austerity has meant a frontal attack on workers’ wages and a reduction in their indirect pay which they receive from the state, an attack which is without precedent since the Second World War. This onslaught has produced massive increases in unemployment and sharp reductions in living standards. Unemployment in the Eurozone as a whole is 11.7 % of the workforce which equates to 18.8 million workers; approximately equal to the combined populations of Portugal and Austria! In the bailout countries the percentages of unemployed are all much higher; Greece 26.8%, Spain 25%, Portugal 16.5%, Ireland 14.6% and Italy 11.2%, while youth unemployment is above 50% in Greece and Spain. The state sector employees have suffered the brunt of this attack with redundancies and direct pay cuts. In Portugal, Ireland, Greece and Spain direct pay cuts for government workers have been 5, 10, 5.8 and 8.5% respectively while in Italy there has been a pay freeze. Minimum wage reductions have been imposed in Ireland and Greece of 11.5 and 22% respectively. Holidays and bonuses have been cut, pensions have been cut and pension age increased. At the same time state regulations affecting protection of workers with regard to dismissal, redundancy and other rights have been removed.

The European working class has proved unable to resist this onslaught, and despite some fierce opposition in Greece and Spain, the bourgeoisie has managed to implement all these measures. In the worst affected countries such as Greece and Spain absolute pauperisation of the working class is occurring, while in Ireland workers are once again taking the path of emigration. For the bourgeoisie,



however, these measures have brought a reduction in labour costs. Since 2008 direct labour costs in Ireland and Greece have fallen by 6.3 and 4.4% respectively and in the two year period to the present they have also fallen in Portugal and Spain. A report by the Conference Board calculated that once the reduction in indirect labour costs had been taken into account labour costs in Ireland had fallen by 42% since 2008!

The austerity regime has also brought a restructuring of national capitals in the PIIGS designed to enhance competition in the Eurozone and benefit the stronger capital formations. State assets are being privatised and sold off to international capital. Part state owned industries, such as energy production and distribution, are having their national protections removed. State protected industries, such as utilities, pharmacies, taxis and others are having their state protections removed to make them more competitive. State subsidies to industry are also being withdrawn. An example of this is the withdrawal of subsidies by the Spanish state to the Asturian coal mines which will ultimately result in the closure of the mines. The size of the state is being reduced and the state structures themselves are being reformed. Government departments are being trimmed by a massive programme of redundancies, while state workers are losing benefits, such as bonuses and holidays. At the same time general taxation, via taxes such as VAT, is being increased.

What has been described above is not, of course, limited to the countries of the Eurozone periphery but is also a description of what is occurring, to a lesser extent, in many other EU countries, notably the UK. It represents a general strategy of the European bourgeoisie for transferring the burden of the crisis onto the working class. However, for the so called "delinquent" states of the Eurozone periphery local bourgeoisie is also being forced to give up some of its privileges in the interests of the Eurozone bourgeoisie as a whole. What we are seeing is these states being bludgeoned into shape for incorporation in the greater Eurozone federation.

### **Eurozone Federation**

At the end of November the European Commission published a 51 page document which outlined the steps necessary for the survival of the single currency. This document repeated much of what had been presented to the European summit a month earlier and represents the future strategy of the Eurozone bourgeoisie. The document, presented by the Commission President, Barroso, states the Eurozone should acquire the powers of a national government, including a single treasury, the power to tax and to issue commonly backed bonds. There should be pooling of sovereignty, an integrated Eurozone budget and fiscal union.

The European summit in mid December took the first real step in this process by agreeing to a banking union. Under this a single supervisory mechanism under the European Central Bank will have direct responsibility for Europe's largest 200 banks and have the right to supervise the remainder in an emergency. This is to come into force in March 2014. These powers are in addition to the powers granted to the ECB under the bond buying programme, the so-called Outright Monetary Transactions (OMT) launched in early August. Countries subscribing to this programme will have to have budgets and taxation regimes approved by the ECB, while the ECB will have the power to

## **Eurozone**

lend directly to banks. This process limits the sovereign states responsibility for budgeting, taxation and banking supervision. It represents a significant reduction of the power of the national state and a shifting of powers to the ECB and the central organs of the Eurozone.

This agreement, when implemented, will be the most significant measure of political integration since the creation of the common currency. It represents a further step in the path outlined in the European Commission document presented in November which will eventually see the European commission assuming powers of a federal government operating a European treasury, implementing a European fiscal policy, carrying out taxation, overseeing of national budgets, issuing of bonds and so on, while national governments would become subordinate to the federal power like local authorities. We are witnessing the slow progression towards a European federation with Germany at its head. The implications of this are enormous. A significant shift in the structure of global capitalism is taking place which will inevitably lead to a shift in the balance of power and of global imperialism. The question which must be answered, however, is whether these measures will solve the crisis of European capitalism.

### **Roots of the crisis**

Bourgeois economy long ago abandoned the classical theory of value which based its analysis on the premise that labour was the source of value. Instead bourgeois economics has started from the premise that value is a subjective concept dependent on "marginal utility." Whereas value theory is able to analyse the production process and the generation of surplus value and hence profit for the system as a whole, bourgeois economic theory starts its examination from the subjective position of marginal utility and emphasises exchange and individual enterprise. As Paul Mattick wrote:

*"Marginal utility is the construction of a value concept which justifies the prevailing class and income differentiations. The existing inequalities based on the exploitation of labour are explained as the undefeatable natural law of diminishing utility."*

Bourgeois economics is fundamentally a science of apologetics for the existing system and is unable to recognise any systemic problems with capitalism. The present crisis is seen as an interruption in a fundamentally healthy system which can be solved by the correct policies. The recurrence of crises and their increasing severity is put down to contingent problems which for some unexplained reason seem to recur more and more frequently. It is therefore not surprising that bourgeois economic theorists are divided as to the roots of the present crisis and its solution. Two broad schools of thought have dominated the analysis of the Euro crisis.

The first sees the crisis as the result of reckless borrowing, structural inefficiencies and inflexible labour arrangements. The solution is structural reforms, flexibility of the labour market, slashing state expenditure and balancing the national budget. Needless to say they advocate austerity. The second, who see themselves as neo-Keynesians, see the crisis as stemming from lack of demand. They advocate stimulating effective demand by government spending.

Both the advocated solutions are derided by the other school. On the one hand the austerity faction claim that excessive borrowing led to the present crisis and more borrowing would simply make it worse. On the other the Keynesians point out that austerity is causing economies to contract increasing budget deficits and government borrowing, the very things which the austerity school claim caused the crisis. Both groups do agree that the only way out of the crisis is through growth. For the austerity faction structural reforms and labour flexibility will produce growth by attracting capital investment. For the Keynesian demand stimulation will produce growth by increasing economic activity.

Both schools of thought have been proved wrong historically, when policies they advocated failed to prevent crises. The fact that both are correct in their criticisms of each other is an indication of the cul-de-sac in which bourgeois economic theory has ended up. The ruling class does not understand either the causes of the crisis or what to do about it.

The Marxist critique of capitalism has always attempted to relate the phenomenal world of capitalist crises to the underlying social relations of production. In this analysis crises spring from the contradictions of capitalist production relations, and can be traced back to the problems of the exploitation of wage labour which can only be understood by value theory. We argue, and have explained in numerous texts, that the present crisis is an expression of the tendency of the average rate of profit to fall caused by the tendency of the organic composition of capital to rise.<sup>17</sup> The financial crisis is derived from this. The outlines of an explanation linking falling profitability to the financial crisis can be briefly sketched. Because the reduced rate of profit choked off investment in production leading banks and finance houses began to use capital, which would otherwise have been reinvested in industry, for speculation on housing, commodities commercial property etc. Although these operations appeared to produce a profit, since the value of these assets increased, this apparent profit was not based on the exploitation of workers in production. This apparent profit was based on fresh capital coming into these markets and driving up prices. This produced a bubble in asset prices. Ultimately, however, all profit in the capitalist system is derived from exploitation of workers in the production process. Value analysis shows that for the economy as a whole “total profit = total surplus value”. This was patently not the case and when the flow of capital into these markets dried up, the bubble burst and prices collapsed. Many of these so-called assets which banks held as collateral and on which they based their lending suddenly became valueless, as the profits they were supposed to yield were not based on the exploitation workers in production. The result was an explosion of crisis in the financial sphere. This explosion was, however, derived from deeper problems in the sphere of production, namely the tendency for the rate of profit on industrial capital to fall.

The ICT argues that only a massive devaluation of constant capital can reverse the tendential fall in the rate of profit. So far only a minimal amount of capital has been written off, and this was on a small part of the Greek debt. A much larger write off of debt is required to restore profitability. This needs to be implemented not only for Greece but for all the PIIGS. The measures which have been carried out such as the structural changes, slimming of the state and reducing cost of labour power will ameliorate the problem of profitability, they will not, however, solve it. A massive write off of debts is required.

It is possible that the European bourgeoisie is planning to do this once the austerity regime has run its course since it is clear the debts cannot be repaid. The situation is analogous to the South American debt crisis of the late 80's which was resolved by a swapping of South American debt for US treasury bonds, the so-called Brady bonds. Under this arrangement creditors were forced to take massive write downs of their debts, some times of up to 70%. The centralisation of economic power in federation would give the European Central Bank more control over the European crisis, and the ability to enforce a solution along these lines. It would also make devaluation of the Euro simpler and enable exports to become more competitive and growth to resume. While it is possible to outline the economic forces which are driving the actions of the bourgeoisie, the path they will follow is only speculation. It is, however, possible to predict that all their actions will not solve the underlying problems which have led to this crisis since no state or bloc of states is prepared to devalue its capital sufficiently to restore profit rates while its competitors' capital remains intact. To do so would be committing economic suicide. A general and global devaluation of capital values is required and this is only likely to be achieved by global war.

### **Changing balance of imperialism**

The creation of a federal European power will change the balance of imperialist power in the world. The EU as a bloc has a higher GDP than the US, but has so far lacked the political strength to fight independently for its interests. As the EU reorients itself economically to the rising Asian powers the US will become a more obvious economic rival than it seems at present and interests will diverge more sharply. The political strengthening of the Eurozone is bound to lead to its strengthening as a pole of imperialism and consequently to conflicts with the US and China. At present the EU acts in concert with the US and provides support to US interventions, for example in the Middle East and North Africa. Interventions which are semi-autonomous such as, in Libya and more recently in Mali, have the support of the US. In the future, however, the EU is bound to act more independently to further its own interests.

Integration of the EU is also bound to strengthen the Euro and, in particular, its role as a reserve currency and a currency of world trade. Both of these roles represent a direct challenge to the Dollar. Since 1971 the dollar has been a fiat currency backed by nothing but the promise of the US government.<sup>20</sup> However, since the dollar has remained the major currency of world trade, particularly the trade in oil and gas, and since the US has sole control of the currency it is able to increase the volume of dollars in circulation to match increases in global trade. This gives the US many advantages particularly the ability to fund its trade deficit and to devalue its debts by printing dollars. It has been estimated the US gains approximately \$500bn annually through these operations. The Euro is a direct challenge to all this. Its creation was intended to divert some of the surplus reaped by the dollar to Europe and in the 13 years of its existence it has started to succeed in doing this.<sup>21</sup> The US is unlikely to give up the privileges which the dollar gives it without a fight. As the Euro increases its threat to the Dollar this is also likely to become a n important source of future imperialist rivalry.

The position of the UK in all of this is becoming increasingly untenable. For decades the UK has

adopted a mid-Atlantic position of keeping one foot in the European bloc and one in the US. Whereas its trade interests lie with the EU it has held back from full commitment because of the political weakness of the bloc. It has pretended the EU was simply a trading bloc and actually tried to thwart its political unification by supporting the extension of the bloc as widely as possible. The developments over the last few years have thrown this policy into reverse with the UK government now calling for economic and political unification of the Eurozone. The UK, however, pledges to stay outside such unification. The British ruling class is hopelessly divided on what to do. To leave the EU would be an economic disaster, whereas to fully enter the European bloc would entail relinquishing the so-called special relationship with the US.

The US, however, hopes to have the European bloc as an ally in future conflicts and has made it known that it would prefer the UK within the European bloc. Its strategy is to have an ally within the EU acting on its behalf to prevent the EU challenging the existing balance of power and US interests. The shifting balance of imperialist power is a reflection of the shifting balance of economic power. For both the US and the EU the rising figure of the Chinese dragon is looming on the horizon and threatening the global balance which has been in place since the collapse of the Russian bloc in 1989. This is a longer term, rather than an immediate threat. At present a number of poles of imperialist power are consolidating themselves but the formation of blocs which could precipitate another global conflict is still in its infancy.

CP

## Notes

1 See RP 54 “Financial crisis engulfs the Eurozone.”

2 The European Stability Mechanism was established in September. It replaces the European Financial Stability Facility.

3 Quoted in *Financial Times* 30/11/12

4 Quoted in *Financial Times* 28/11/2012

5 See Federal Ministry of Economics and Technology “Facts about German foreign trade in 2011”

6 See Vale Columbia centre report, 9/04/2010

7 OECD factbook. Germany FDI stock is the 4th largest after the US, UK and France.

8 See *Financial Times* 28/8/2012

9 Quoted in *China Daily* 22/10/2011

10 UBS report quoted in *Financial Times* 21/9/2011

11 See for example RP 54 “Financial crisis engulfs the Eurozone”

12 See “Germany and Globalisation” D S Hamilton and P Quinlan

[https://docs.google.com/viewer?a=v&q=cache:ywUmVGQ\\_U9kj:transatlantic.sais-jhu.edu/publications/books/GermanyandGlobalization-eng.pdf+German+exports+2000&hl=en&gl=uk&pid=bl&srcid=ADGEE5iF9BzOrIEvudHmW7a5Lo4Op00p24ZlgIyJvJPj1714IFLjj3pY7eoujmc5EDAoXQ12NbiBIJH2W92CC-FSLvm37QdNXtX3IBcn2q1hQMAECL0yoor8zpBRTsOclwFe71XAK8&sig=AHIEtbTvD9rOxOZHFiITGBcj9PcOnll-4g](https://docs.google.com/viewer?a=v&q=cache:ywUmVGQ_U9kj:transatlantic.sais-jhu.edu/publications/books/GermanyandGlobalization-eng.pdf+German+exports+2000&hl=en&gl=uk&pid=bl&srcid=ADGEE5iF9BzOrIEvudHmW7a5Lo4Op00p24ZlgIyJvJPj1714IFLjj3pY7eoujmc5EDAoXQ12NbiBIJH2W92CC-FSLvm37QdNXtX3IBcn2q1hQMAECL0yoor8zpBRTsOclwFe71XAK8&sig=AHIEtbTvD9rOxOZHFiITGBcj9PcOnll-4g)

13 Since the crisis broke in 2008 GDP has fallen by 5.5% in Portugal, 5% in Ireland, 7% in Italy, 25% in Greece and 4% in Spain. Apart from the case of Greece this is only about 1/3rd of what occurred in

the Eastern European countries. In the period 1989 to 1994 where GDP fell 17.8% in Poland, 21.4% in the Czech Republic, 25.1% in Slovakia and 18.3% in Hungary.

14 Private sector workers have suffered strategic defeats in the 80s and 90s and their resistance has been undermined by globalisation and shifting production to areas of cheaper labour power.

15 Reported in *Financial Times* 31.7/2012. We should note that the costs of supporting the unemployed fall to the state and would not be included in this calculation.

16 See <http://www.marxists.org/archive/mattick-paul/1939/marginal.htm>

17 See, for example, RP 62 "The tendency for the rate of profit to fall, the crisis and its detractors.

18 Marx *Capital* Volume 3 Chapter 10

19 In 2011 EU GDP amounted to \$17.05tn (€12.63tn) whereas the latest figures for the US give the GDP as \$15.09tn

20 This has been the case for all currencies since 1971 because up to that date other currencies were backed by the dollar which was backed by gold.

21 In 2011 26% of the world's currency reserves were in Euros. (Frankfurter Allgemeine Sonntagszeitung 26/6/11. Quoted in RP 59 "German capital and the Euro crisis. Limits to an expansionist project".



Read **Aurora** our broadsheet. A free copy if you send a stamped addressed envelope to the group address or look at the pdf online.

## Bordiga: Beyond the Myth

### Five Letters and an Outline of the Disagreement

#### CWO Introduction

This is the third part of our serialisation of Onorato Damen's book "Bordiga: Beyond the Myth". We have already published the main article "Bordiga: Beyond the Myth and the Rhetoric"<sup>1</sup> and the "Outline of the Disagreement" which prefaces these five letters and was published on our website in 2012. We are printing it here for the first time alongside the five letters between Bordiga (Alfa) and Damen (Onorio) so that readers will have them together and in context.

The Outline is historically significant as an explanation of the real causes of the split with Bordiga and his followers which came to a head in 1951. First, however, we should try to explain the title "Overturning Praxis". Damen is thinking of how one situation of accepted theory and practice (praxis) comes to be transformed. In short we could equate it to the process of revolution. And the title is the key to the debate. Bordiga, who never joined the party, never attended a single one of its Congresses (not even the ones where the split was discussed) had concluded by 1950 that capitalism had stabilised and that therefore the task of the party was to return to the task of study.

Interestingly, Damen does not dispute that they are living under the counter-revolution. He even thinks a third world war is likely. What he does insist on, though, is that the proletariat has a permanent need to strive for a revolutionary party. He states elsewhere that the Internationalist Communist Party did not come into existence in 1943-5 just through the will of a "handful of individuals" but because it responded to a specific crisis of capitalism and the needs of a working class ready to struggle. The party grew to several thousand by 1948 but once the post-war boom and Marshall Plan money began to filter through the Italian state was stabilised (with a lot of help from the Italian Communist Party of Togliatti). This led to a decline in membership and Bordiga now began to campaign for a retreat to theoretical work. Damen insisted that the only meaningful theoretical work had to be made in the light of real activity within an organisation rooted in the class, hence his insistence on "praxis". Theoretical work which is not rooted in the real life and struggle of the class is empty and sterile, even politically dangerous. He illustrates this in the *Outline* by reference to some of Bordiga's oscillations, most notably on abstentionism and on the class nature of Russia. In the letters which follow the *Outline of Disagreement* Onorio took up the case of the class nature of the USSR again. He was trying to get Bordiga to commit himself to a class position on the USSR by accepting that its mode of production was a variant of capitalism but Bordiga used all kinds of arguments (sometimes attributing to Damen positions he did not hold) and evasions to avoid a definitive statement on the issue. The other factor that should be mentioned (but it can be read in the letters) is that Bordiga had a certain contempt for open discussion in the organs and meetings of the Internationalist Communist Party. He preferred to influence others through letters

## History

to this or that person (in particular to Vercesi [Ottorino Perrone] and Bruno Maffi). Damen criticised this *modus operandi* more than once and it made him all the more keen to see the letters between them published. In a further last letter to Bordiga on 23 March 1952, on the question of Congresses of the Party which Bordiga had always opposed, Damen added a postscript.

*The first number of the revived Prometeo will come out in a few days with the five letters which we exchanged which clearly shed light on the major reasons for our disagreement on the big issues of the day.*

*The “defunct” Executive Committee has already distributed it but as usual in a partial and biased way. All our press and the internal communications of the party will be regularly sent to you. Greetings.*

The “defunct” Executive had already voted to expel the Damen faction in the summer of 1951, thus making the split inevitable. Bordiga’s reply was less than polite. After various personal insults (including that Damen was “in una condizione di minorazione” i.e. mentally handicapped) he ended their correspondence for good with the following:

*After this I will ignore anything you say to judge, criticise or worse, threaten me. Publish what you like: I beg you only not to send anything more to me, neither press nor anything else, and to carry on as if you did not know my address.<sup>2</sup>*

In writing this Bordiga set the tone for what our comrades call “late Bordigism”. That is, a political stance which saw no worthwhile discussion to be had with anyone else while the work of the Italian Left after 1928 had contributed nothing. Ironically for a tendency that started by questioning the very existence of a party in a period of counter-revolution, the Bordigists then went on to found their own International Communist Party. The Internationalist Communist Party that Damen, Stefanini and others started in 1942-3 was always a work in progress. Being a real (if small) Party it had had different tendencies within it as it came to grips with the new reality after the Second World war. Despite the opposition of Bordiga’s surrogates (like Vercesi), it gradually worked out new positions on the relation between the economic and political struggle (the union question). Reasoning that the unions were now part of the capitalist state apparatus, it also rejected support for national liberation struggles as no longer possible in an age of imperialism, and definitively concluded that one of the great errors of the October Revolution had been that the Party had tried to take on the task of social transformation which could only be carried out by the class as a whole. Finally, and this is the main subject of this correspondence, the Internationalist Communist Party insisted that the failure of the October Revolution had created capitalism in the Soviet Union, albeit of a new type. All these principles were rejected by Bordiga and his followers in the International Communist Party, which later went on to split several times precisely over their confusion on the questions of the unions and national liberation. Today there are many who claim the title ‘International Communist Party’ but there is still only one Internationalist Communist Party which has continued to provide a point of reference for internationalists into our own era.



## Five Letters and Outline of the Disagreement

The letters which follow with their “Foreword” were published in *Prometeo* (No 3 April 1952) soon after the split in the Internationalist Communist Party. Onorio is the pseudonym of Onorato Damen, Alfa is Bordiga.

### Foreword

*You cannot eliminate one basic assumption, one substantial part of this philosophy of Marxism (it is as if it were a block of steel) without abandoning objective truth, without falling into the arms of bourgeois-reactionary falsehood.*

Lenin *Marxism and Empirio-criticism* (this English version taken from his *Collected Works* Volume XIII (1927-8 edition, Lawrence and Wishart)

We have reached a point in the discussion inside our organisation — around disagreements over how Marxists should view various problems intrinsic to the present period of the capitalist crisis — where the publication of the five letters which began this vital theoretical clarification, is essential.

The polite polemical encounter via letters between Alfa and Onorio is of no special significance. It could just as easily be between x and y. What is important in these circumstances is the theoretical concern which animates it, the conviction of the contending parties that each is equally true in their interpretation of the same doctrine.

Certainly, though, we are not revealing any secret correspondence by publishing these writings. Nor are we attempting some kind of conjectural debate. Rather, we start from a shared conviction, one which is not ours alone. This is that when a revolutionary thinks and writes to explain to himself, to interpret and understand more deeply the problems of the revolutionary struggle, it ceases to be a personal activity and becomes the common heritage of the class to which he belongs. It is absurd to think that what one of us writes and maintains in private on these subjects should only be thought of as valuable and important from this point of view, and that the significance of the ideas ends once they are revealed and submitted to the outside, collective, critique of the party. This is especially so when these statements and theoretical elaborations relate to problems of strategy and tactics linked to the revolutionary party's very reason for existence, both in the present and the very near future.

From reading these letters it is clear that the basis of dissent lies, as ever, in a different evaluation of the Marxist dialectic, a different way of adhering to this doctrine. In reality differences of interpretation of historical materialism are as old as Marxism itself and it seems almost as if this disagreement gets new vitality with the appearance of every new generation of revolutionaries.

Is there a danger today that our party will be uprooted from its class terrain, from its ideology and its historic tasks through a false application of revolutionary theory? We reply without hesitation; yes, because it is only today that the extent and depth of the bourgeois world crisis that puts to the test the ideologies, the political programmes, the parties and the individual combatants, and which reveal in their true light both the correct and the weak aspects of any body of doctrine and any theoretical formulation. Under the pressure of events and their very logic, what once appeared secondary, marginal, redundant, which could be ignored and seen as a purely personal state of mind, as intellectual arrogance, yet paradoxically, also pleasant and innocuous, is now pushed to the surface, clarified, has almost made itself a material force and is dialectically forced to show what it is, and what its critique is worth.

## History

The proletarian party now makes this theoretical contribution its own and assimilates it, now rejects it as alien to its class nature, by refracting it through the prism of action. It continually compares any theory with past experience and the significance it can draw from this, so that it is not just a fleeting and circumstantial idea and that it does not contradict its ultimate aims.

### Overturing praxis

Let's examine Alfa's schema which express his way of conceiving the dialectic.

Descending curve or branch of an ascending curve? The first formulation is unacceptable if we attribute to it a gradualism which excludes "shocks, shakes, somersaults". The second "the branch of an ever ascending curve" is unacceptable if in this real world of economic things there is also no corresponding link to the rise or increased power of the contradictions which at the same time also have a tendency "to decline". In this case capitalism would be moribund for those of us who have learned from Lenin:

*On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital (Britain). Imperialism, the Highest Stage of Capitalism (From Lenin Selected Works Moscow 1977 p. 728)*

Bordiga's graph showing "the branches of the ascending curves" does not indicate in any way the dialectical contradiction in which

*It is through its very progress that capital doubly prepares its final collapse. . . the economic progress of capital as it gets bigger bit by bit aggravates class antagonisms and economic and political anarchy throughout the world to the point where it provokes the revolt of the international proletariat against its dominion a long time before its economic evolution would have reached its final consequence: the absolute and exclusive power of capitalist production in the world.*

Rosa Luxemburg

It is true that imperialism hugely increases and provides the means for prolonging the life of capital but at the same time it represents the surest means for cutting it short. This schema of the ever-ascending curve not only does not show this but in a certain sense denies it. It is on this false interpretation of the dialectical problem that the theory of the uselessness of creating a party in a counter-revolutionary period such as the present is based. It is a theory which diminishes the party, its structure, its tasks and its action, when others have already built it. It limits the function of its press to a mere theoretical catalogue which mechanically repeats the past without shedding any light on why a revolutionary vanguard, solidly anchored in the life of the problems of the proletariat, and their transformation onto the level of the historic continuity of the revolutionary struggle, is needed.

Starting from this understanding of revolutionary doctrine we arrive at the most recent novelty . . . the dialectic of accepting a minimum of interest in practical action if it is justified by an adequate quantitative return, such as, for example, party participation in the electoral struggle would still be possible — despite one's abstentionist convictions — if the objective means for a decent quantitative result existed. In relation to this Alfa's games and somersaults over abstentionist theory are significant. He insisted on the most rigid abstentionism before, and right up to, the Congress of Imola in the course of which he agreed to abandon "aborto collo" [against his will] this single well-known characteristic of the Neapolitan opposition; at Livorno he accepted elections tout court [without a quibble] until the Rome Congress; he returned to abstentionism when the political forces of the Party were in fact dispersed

and with them the leadership of the Left of the Party, and today he is an abstentionist maybe yes, maybe no and for elections maybe yes, maybe no when he considers participation once again, if as a preliminary the certainty of numerical success were guaranteed.

Still within the framework of this interpretation . . . of Marxism according to Bordiga; *the analysis which claims that all the conditions for revolution exist but what is missing is a revolutionary leadership makes no sense. It is correct to say that the organ of leadership is indispensable but its appearance depends on the general conditions of struggle themselves, never on the genius or value of a leader or a vanguard.*

This reasoning would be the fundamental argument to show the theoretical validity of his scheme relative to the overturning of praxis for which *just as determinism excludes for the individual the possibility of will or consciousness, the necessary conditions for action, the overturning of praxis uniquely allows them into the Party as a result of its general historical elaboration.*

In this scheme a mathematical logic prevails to the detriment of common sense, a determinism of “things” unconnected to the activity of human beings for whom it is mathematically certain that if a revolutionary leadership has defects on the political scene it is because the revolutionary conditions are not there; and vice versa, if the revolutionary conditions really exist then there will be no lack of revolutionary leadership. Put like this the dialectic of Marx is on the same level as . . . the official policy of the Catholic Church which takes its evangelical creed from the preaching of Christ.

Let's make our thinking on this more precise. The terms of the schema in question have to be “historicised” in the sense that in the determinist “prius” [i.e. what has gone before] there are not only individual impulses produced by economic stimuli and appetites in play but these stimuli and appetites have to be understood in the sense of the shifts and changes in the total process of the capitalist economy, in terms of the level of development of the means of production, of their technical sophistication, of variations of the market, of its recurrent crises, of the growing domination of financial capital, etc. etc.

The formation and modification of human consciousness, its transformation into will and action, are reflections at the level of social and political life of what is produced in the sub-soil of the economy. However, between the determining factors and a world determined by the superstructure there is a relationship which in its turn reacts on the base as an indispensable element in completing any historical event. There is no geometric schema, nor any arithmetic calculation, which can close this relationship between the world which determines and that which is determined with some formula which is forever true and valid, which says that this impulse comes from the subsoil of the economy while that is from what is happening in the superstructure.

In our case an adequate and timely crystallisation of revolutionary consciousness and the will to act does not always correspond to the objective conditions offered by the capitalist crisis. The first post-war crisis (1919) in Germany and Italy tragically showed us a proletariat instinctively brought to understand the need for a struggle for power but which lacked a revolutionary leadership. The history of workers' struggles is full of examples of favourable situations in which the proletariat missed the bus due to the presence of a Party not up to the task of leadership.

This is the focal point not only for interpreting the dialectic but also for the nature and function of the class party.

## History

The birth of the party does not depend, and on this we agree, “on the genius or value of a leader or a vanguard” but it is the historic existence of the proletariat as a class which poses, not merely episodically in time and space, the need for the existence of its Party. The proletariat would return to the ranks of mere plebians if it lost its class character as the antagonist of capitalism; and its possibility as an exploited class which struggles for its own defence and liberation would be thwarted and rendered null and void if the motivation and physical forces for a revolutionary leadership were not produced from within it through its struggles.

But what, in reality, are the relations between party and class? We have to fight, as foreign to Marxism, a schema which rejects the existence of the Party in the period of counter-revolution and which confine it to a restricted vanguard reduced to the melancholy task of study; which foresees the appearance of the Party in the fire of the revolutionary assault and gives to the Party, and only to it, the function of subject in the overturning of praxis. We don't know how long or through what magical virtue, the body (constituted by the class) should remain without a head (the class Party).

In this schema, given the erroneous conception of the nature and function of the Party, a totally catastrophic idea is precisely defined by the sudden appearance of the Party in an unknown phase of the crisis of capitalism, leaping who knows how, from the head of Jove to resolve alone the miracle of overturning praxis. In this conception, where the Party is detached from the class and its genetic development as a whole, a Party which is stimulated by the consciousness and will of individual workers and the labouring class, which thereby accumulates the necessary revolutionary potential which it returns to the determining base, would not be possible; just as a revolutionary outcome for a class detached from its Party would be impossible.

All this breaks the dialectical process that Marxism historically attributes to the class as the historic antithesis of the bourgeoisie; class antithesis not Party antithesis because the contradictions are class against class and not party against party, because in the end the subversive force is the class and not the Party. The Party makes revolutionary activity more perceptible and gives it real force, it renders it more conscious, and points the way towards it. In this sense the Party is a Party of the class, in the class, not outside the class, and distinct from it. The dialectical overthrow is carried out by the class as a whole, and not by the Party in place of the class: except that there will be no shift from the class in itself towards the class for itself where the nerve centre preparing and leading it (i.e. the Party) is absent.

Nothing takes place automatically, independent of human action. There exists no development of the superstructure (moral, juridical, philosophical, literary, artistic etc) which does not rest on economic development. “*But all these react upon one another and also upon the economic base.*” Engels *Letter of 1894*

Thus the question of the “*returning influence*” of the superstructure on the economic base and on the productive forces of society is made more precise with the statement that “*amongst the different series of social phenomenon there is an unending process of reciprocal action*”, cause and effect substitute themselves one for the other: The “*theory of reciprocal action*” was made clear and summed up in masterly fashion by Engels:

“*People make their history themselves, only in given surroundings which condition it and [in einem gegebenen, sie bedingenden Milieu] on the basis of actual relations already existing, among which the economic relations, however much they may be influenced by the other political and ideological ones, are still ultimately the decisive ones, forming the red thread which runs through them and alone leads to understanding.*” [Letter of 1894]

Where these two interpretations of historical materialism and the dialectical method diverge is inevitably the starting point for different ways of understanding the role of the party, of evaluating its immediate and long-term tasks and therefore of conceiving and carrying out its tactics and strategy.

Those who have the responsibility to lead the revolutionary party and who, when we examine the problems, start from an interpretation based on mechanical economism, will surely still be waiting for the revolution when it is already knocking on the door to warn us that the time has come to build the class party and proceed to the insurrection.

The theory which leads to the assertion that there is nothing for the party to do in this period of counter-revolution is absolutely unacceptable. The view that it is useless and damaging to proceed to the formation of the party or keep it going right until the point where we no longer find ourselves faced with a radical reversal of the present relations of force between the two historic classes, has all the coherence of formal logic.

As for confronting the present problems of imperialism and war, the formal coherence of this arbitrary and mistaken interpretation of Marxism is also a departure from the fundamental line of class analysis and revolutionary interests when it ends up desiring the victory of bourgeois forces which embody the future of capitalist progress. To flirt, or have flirted, with supporting forms of dictatorship just to cock a snook at democratic forms pretends to ignore or forget that Lenin, with the small dispersed nuclei of the Bolshevik Party, insisted — right in the middle of the war and after the terrible collapse of the Second International — on the possibility, even in physical terms, of a revolutionary revival and victory.

Faced with the alternative of remaining what we have always been, or bending to an attitude of platonic and intellectualist aversion to American capitalism and benevolent neutrality towards Russian capitalism only because it is not yet capitalistically mature, we don't hesitate to restate the classical position which internationalist communists take regarding all the protagonists in the second imperialist conflict: which is not to hope for a victory of one or other of the adversaries, but to seek a revolutionary solution to the capitalist crisis.

Faced with the alternative of saving the Party at all costs or accepting a leadership of men with ideas and methods which would force us, in the face of third world war, to repeat the political nullity, to abandon our place in the struggle and the liquidation of all organisational forms, as happened on the eve of the Second World War, we have no hesitation in reacting to this renewed deceitful attempt and to defend the party in the role which proletarian interests and revolutionary struggle have assigned to it.

This is what has led, and had to lead, to a theoretical conflict which we wanted to clarify here, even in the doctrinal domain. This is not only a theoretical question but in being such is at the same time a political conflict: a conflict over tactics and strategy which are no longer working towards the same class objective on the line of the proletarian revolution.

Notes

1 See <http://www.leftcom.org/en/articles/2011-01-21/amadeo-bordiga-beyond-the-myth-and-the-rhetoric-0> or order *Revolutionary Perspectives* 58 (£4 inc postage) from CWO addresses.

2 The letters are appendices to Sandro Saggiaro "Ne con Truman, ne con Stalin", (Edizioni Colibri 2010) pp.

## History

384-6. The book is subtitled "History of the Internationalist Communist Party 1942-52) as told from the point of view of a supporter of Bordiga.

### **Onorato Damen's Writings in English**

The documents printed here are part of a project to translate Onorato Damen's writings into English. The documents in this issue are part of the book *Bordiga: Beyond the Myth*. Other extracts from the same book can be found on our website at

<http://www.leftcom.org/en/articles/2011-01-21/damen-on-bordiga-cwo-introduction>

<http://www.leftcom.org/en/articles/2011-08-27/bordiga-beyond-the-myth>

#### **Other writings by Damen that are available in English are**

<http://www.leftcom.org/en/articles/1999-11-01/the-line-of-conduct-of-the-revolutionary-party>

This is a brief paragraph on national liberation struggles

<http://www.leftcom.org/en/articles/2011-12-27/the-russia-we-love-and-defend>

Written in 1943 to separate the revolutionary inspiration of 1917 from what it descended into under Stalin

<http://www.leftcom.org/en/articles/1999-11-01/bourgeois-violence-and-proletarian-defence>

From *Battaglia Comunista* 1946. This has been retranslated (the original was from by a translation engine and was incomprehensible)

Many of these documents are now also to be found in the Onorato Damen archive in Marxists.org at

<http://www.marxists.org/archive/damen/index.htm>

**We have also some commemorative writings about his life and work which can be found at:**

<http://www.leftcom.org/en/articles/1999-11-01/the-work-of-comrade-damen-in-the-communist-movement>

## (First Letter) Onorio to Alfa – 6 July 1951

I have examined your edited document tracing your reasons for attacking certain theoretical and political positions prevailing in some international groups almost all coming from Trotskyism, and I'll say straight away that, in certain ways, I preferred your oral exposition in Rome to the written version, for its greater acuteness of analysis and perhaps also for its greater completeness.

I'll summarise some of my hurried observations for you.

In section 5 of your basic lines of orientation you state that in Russia the economy *tends* to capitalism and give the reason for it on page 8 where you write that

*The monetary, mercantile, income and ownership character of the predominant Russian economic fabric is not nullified by the stratification of the big industries, services, etc.*

It looks to me as if you are not making clear here the idea of a soviet economy as a state capitalist structure in a world economy which has reached its highest stage of monopoly.

The tendency to an ever greater intervention of the state, which is characteristic in this economic period of the most highly industrialised countries, finds in the soviet economy its most complete, defined and organic expression. Being in the general line of development of monopoly capitalism enabled Russia to miss out more than one stage, thanks to the October Revolution which allowed the most absolute centralisation of the economy within the orbit of the state. In addition, thanks to the Stalinist counter-revolution, it made use of this enormous centralised economic potential to massively increase the power of the state and open the way to this latest capitalist experience.

The protagonist of this historic period is therefore the state whose economy reproduces, on a wider scale perhaps, the methods and characteristics which really belong to capitalist production and distribution (wage labour, market, surplus value, accumulation etc. . .).

What is the new class which exercises its dictatorship through the means of this state? The enormous power of the soviet state cannot have failed to concretely resolve the problem of a homogenous and strong ruling class through the consciousness which it has of its own being and of the historic function which it is called upon to carry out.

It doesn't seem to me that what you write on this is satisfactory or gives clear guidance to the international groups which are so divided and confused on this problem of the definition of the new soviet ruling class. It is not historically possible that the most centralised and iron exercise of power which history has ever recorded can be called a

*... hybrid coalition and fluid association between internal interests of the petty bourgeois, and middle bourgeois, class, duplicitous entrepreneurs and international capitalist interests etc.*

Further in section 5 of the basic lines of orientation on the conveyance of *class forces in every country to the*

## History

*terrain of autonomy in the face of all the states*

You entrust the supreme task to

*Breaking capitalist power in the more advanced industrialised countries of the West who block the road to revolution*

Which leads us to ask: is it only the most advanced industrialised economies of the West which stand in the way of revolution?

Further on, on page 3 still in the same argument you write

*This confused and unfavourable outcome for the proletarian struggle at the same time as the unstoppable increase in highly concentrated capitalist industrialisation, both in its intensity in the countries where it started, as well as in its wider extension throughout the inhabited world, is to the advantage of the advanced countries through which **the greatest force in modern imperialism**, the American, tends, according to the nature and needs of any great concentration of metropolitan capital, of productive forces, of power, brutally smashing all territorial and social obstacles, to subject the masses of the entire world to its exploitation and oppression.*

We have to again ask ourselves: is it really only America, the greatest force of modern imperialism, which tends to subjugate, etc. the masses of the entire world?

In another step in another of your recent writings, which I don't however have to hand, you speak of a pacifist Russia in the face of a warlike America.

*The leitmotif is therefore always the same: only through an error of soviet diplomacy or through a mistaken calculation by its politicians such as that in the last war with a political strategy – allowing the remnants of the great Communist International to be shamefully dissolved – (wasn't it already rotten to the bone and tied body and soul to imperialism?) which led to the reinforcement of western imperialist power which the Russian government and state recognised too late as a greater threat than Germany to their now openly national interests.*

In short Moscow is seen as the centre of a mistaken, ineffectual policy, even from the point of view of pure national interests, and not as the centre of imperialism on a par with the USA with a Russian perspective for world domination.

The proletariat's anti-capitalist revolution will not leave out, we would like to think, the soviet regime, and it does not move according to some order of priority of capitalist countries to be overthrown, but strikes at the adversary when and how it can, wherever it appears the weakest. In 1917 for example it struck international capitalism in Tsarist Russia which was certainly not considered ripe for socialism compared to Britain or Germany etc and we know very well why.

For the rest, I would stress the critical analysis which allows us to state the following: that the aversion to Stalinism of all the splits started more from an impulse to defend the individual, and national independence, rather than from the needs of the class and the concern to bring living and active material to the reconstruction of the international party of the proletariat.



## (Second Letter) Alfa to Onorio – 9 July 1951

I certainly appreciated the contribution of your observations to the international appeal proposed by me and I am responding immediately on the principal issues.

I take first your observation relating to page 3. You ask: Is it only America that tends to subject others, etc? – but you yourself have quoted my qualification: according to the nature and necessity of the greatest metropolitan concentration of capital, of forces of production and of power.

Therefore, not just America, but **any** concentration. Where, and what, do you find in the different historic stages of these concentrations? This is the point. We have to take into account: its territory and its resources, population, development of its industrial machinery, numbers of modern proletarians, colonial possessions as well as raw materials, human reserves, markets, historic continuity of its state power, outcome of the recent wars, progress in the global concentration of forces both in production and in armaments. And then we can conclude that in 1905 six great powers were on the same level or almost, in 1914 it was only Germany and England which competed against each other: today? If we examine all those factors we can see that America is the No. 1 concentration in the sense that, (way beyond the rest and it is beyond doubt that in any future conflict it will win) it can certainly intervene anywhere where an anti-capitalist revolution is victorious. In this historic sense I say that today the revolution, which can only be international, will waste its time if it does not take out the US state in Washington D.C.'. Does this mean that we are a long way from that? Okay.

We come then to the usual question: the analysis and definition of Russian society today. You know full well that I think that on this point one can and must say as little as possible, and that with circumspection. It is an elaboration carried out by the movement over a long period, it is a new given in history, the first example of a revolution which shrivels and disappears. I will give what contribution I can but I don't believe in the existence of some high priest who can reply by opening the Talmud and pointing to this or that verse. Naturally I said more about this in Rome and will say more about it in *Prometeo* in good time. You compare two things which are on different levels: in truth I am somewhat worried by such lack of understanding amongst all, truly all, I am not making a personal argument, who feel driven and predisposed to take on the task of leadership. The appeal has some value in a negative sense (like all the decisive propositions of Marxism which if not really negative are at least "alternative") it is useful, in establishing demarcations between us and others you like to call "political" since that is an adjective you like. You can read in a few minutes that over several hours in Rome we dealt with problems which were on one side scientific analysis (I would say "research"; "examinations" as I am not keen on "analysis" even if it is fashionable) and on the other of tactical praxis. Both together, for greater force, completeness and detail.

I now come to Russia. I would like those who collaborate in defining the appeal to formulate positively the alternatives which they are proposing. Does the formula of the monopolistic and state capitalist phase appear complete to you? It is extremely indecisive to me. You are applying it to the regime of Mussolini as well as to present day Britain and to Russia. Two different ways to arrive at similar positions? To be sure it is a good propaganda concept but for pity's sake let's avoid confusions. In what I say don't think I am identifying in what you have written the mistakes I am going to indicate, but you must precisely propose your version of

## History

the argument; you and any of the others who have made observations, work which I believe will be useful in that it is very different from the “material for the whole organisation”, with its usual this or that is stupid.

It is not accurate to say that the bourgeoisie was the protagonist in one period of capitalism and that the State is the protagonist today. Class and State are different things and ideas are not interchangeable. Before you still had the State, and after you still have the Class. The State is not the leading factor in economic factors but is derived from them: if politics don't arise from the economy but the economy from politics and the management of power then the Marxist interpretation of history is dead (and those who think that should say it clearly!) and the old theories, which still seem new to imbeciles, that history is created from the desires of the leaders, and the need of those who have wealth to rule, are back in fashion.

The same stupidity is more or less arrived at by those who ask: in the first phase the protagonists in the duel were the bourgeoisie and proletariat, now let's take a torch and go in search of the third ... man. A third class? They won't find it and so the response is: the State, just as those who were searching for the third man would say: here he is, it is this pair of trousers. Or rather the response is that the bureaucracy is the new class. What the devil does this mean? I don't know if you have my writings on this: all class regimes have had a bureaucracy: it cannot be “a class”. In our language the bureaucracy is one of the “forms of production” whilst the classes are **forces** of production, throughout history.

You will know among my texts (it would be useful if you would criticise them and raise objections) those in which it says that state capitalism doesn't mean the subjection of capital to the state but a further subjection of the state to capital.

Capital – capitalism – capitalist or bourgeois class – capitalist or bourgeois state. We are not mixing things up. We need historic order to make some sense in our heads.

Formerly there was already capital but not yet the rest.

This capital began to concentrate forces of production (materials, men, machines) and capitalism started but the State was not yet bourgeois. Then came the bourgeois class, the union of all those who were high up in the new capitalist system of production but were low in the State. This class took power because capitalism needed very different **forms** from the old ones. We had a new State, with a new bureaucracy, and so on.

Marx (take him or leave him) pointed out that in “post-capitalism” (another stupid fashionable word): the proletariat takes power and ushers in socialism. The bourgeoisie and the bourgeois state oppose it.

What precisely is the class? A collection of people? That's a bad way to put it. It is instead a “network of interests”. You don't like my complicated formula of a meeting of interests? I see it as a wise step forward whilst I see little in the confused play on words: capital, State, bureaucracy.

When classes were still castes, and then orders, it coincided with fixed groups of people (of families). After the bourgeois revolution, despite the cardinal right of inheritance it was no longer so. A peer of France was a nobody across the Channel. A capitalist was a someone everywhere.

All these elementary things – which I don't spell out as an adversary – it is just better to repeat them as you are being difficult – open up in the Russian question. Admittedly we don't have enough facts (Marx could call on all the material in the British Museum, faithful picture of English capitalism, but we cannot set up in Moscow where we would find only fake documents) on the official definition of the dominant class in Russia. We cannot make a single step forward without the famous "bureaucracy". I have already done a lot in recognising the existence of a strata of **entrepreneurs** without property titles to the means of production who benefit in an important way from profits. But the bureaucracy can also be like that in our countries, an instrument of the latter and their big businesses, like a business agent abroad.

The bureaucracy governs and gorges itself for itself alone? But what can this mean? The State personalised in a network of functionaries, the class –State? Nonsense.

To us, it is *Monsieur de la Palisse*<sup>2</sup>. In state capitalism there are only bureaucrats in the population, even factory workers are functionaries. The Boss-State, an old anarchoid formula. However this is a text that I intend to write and this is not the place to say more on the Russian economic argument.

But you say to me, why are your guns just trained on the West? Anyone would think that the revolution need not take place in Russia. I accept the comment: I am going to say something to avoid this great misunderstanding. Though it is difficult to give the laws of the process for a failed revolution we can say that any further process can be nothing but a new class revolution.

I have never said or written otherwise. But we will also give here, though badly and in a great hurry and *ad usum Onorii*<sup>3</sup>, not "for all the organisation", a little clarification. You are right that the texts must be done. It is better to do them than to argue.

Neither you nor I have the keys and levers to unleash the revolution in Washington or in Moscow and we cannot choose just what turn history will take. The revolution can begin anywhere, as in 1917. Fine. But was it an act of will or a product of history? What were the circumstances? Feudal regime, military defeat, split between the State and the bourgeois class etc, this is well known. And then we say "the **world** revolution can begin anywhere".

Be careful that you too could be a staliniser: It is Stalin who says the **Russian** proletarian revolution was born, grew and will live here on its own.

The question has therefore to be seen internationally. Just as with the economy, "this network of interests" which is the bourgeois regime, is international. So also in politics, the question of power is international. In the two domains this characteristic has gone on being clarified for a century.

Today the historical issue is this: the Stalinists put all their propaganda into attacking America, and on peace. The proletariat follows them and up to now that has been undeniable. You recognise, or at least concede, that it is important to make clear the danger of opposing them through liberalism, of persons or peoples, and not on a class basis.

## History

We are talking about not just limiting ourselves to accusing Stalinism over its Russian nationalist errors but of basing ourselves on the anti-class nature of its position: 1944 all its forces with America, dissolution [of the Comintern in 1943 – translator] etc – 1951, all against America, in order to say you betrayed us then, and, as you rightly say, a long time before that.

It is already very daring (in the struggle against the terrible ignorance in which the West and East are competing) to “politically” say to the Stalinists: take care, you won’t beat America this way, we the defenders of the class will beat it, it will only be beaten by the world proletariat on a class basis which will equally be autonomous of any relation even *with you*.

It is a useless bluff just to say: We put you both on the same level, one not a millimetre above the other and then in one go we’ll make you fall like ninepins, both with the same ball.

The Left must defend itself from the stupid accusation of not being able to make sense of history and of mumbling abstract theses: they must prove that it is the others who have not understood history.

After the period of national liberation which settled that any alliance should be pitilessly condemned, the explanation of capitalism’s survival had to be posed, not through the discovery of recipes such as the leading role of the State in the economy, but in the imperial relations of the great industrial apparatuses and in the persistence, not of invasions of territory, not of defeats in wars but of the State apparatus (the representative committee of capitalist interests, as Marx rightly said, whether or not the State manages firms and shops) which is historically the most *continuous and persistent*.

Undoubtedly the concentration of power in Moscow is also an obstacle barring the way to revolution and it is not only as the capital of proletarian corruption but also as a physical force in itself. But it has only been around for 34 years. Its territory and peoples are a mixture of social and economic types.

Germany and Japan are prostrate, France and Italy have been tremendously shaken. England itself is in a serious crisis.

And this is what makes America key. Another few years and the police of the UN will be effective and only a few minutes from every part of the world

If possible we could drag the Big Moustache from Moscow and put in his place, in order not to offend anyone, Alfa: Truman who is already thinking about it will arrive within five minutes.

Have I explained myself? If that is not the case then this means I myself have become stupid. This is not so serious, from the point of view of my dialectical Marxist convictions and not from voluntarism. I will do that little text, have no doubt.

## **(Third Letter) Onorio to Alfa 23 July 1951**

I replying, and in the same tone, as you wished.

The first observation which I am compelled to make is on the somewhat . . . sour tone of your letter which the content, and perhaps the form, of my observations have unwittingly provoked. In writing to you I started from concern about how the international groups, for whom the address is intended, would respond to our way of posing if not resolving, but at least defining the limits of the objective and subjective possibilities, of the problems of the revival of the international revolutionary groups.

Agreed about the “political” sense – are you pleased? – that had led you to give a defined and, in a certain sense negative, value to the address. This is more appropriate if we don’t want to reject those who are coming closer to us and possibly could join us. But I don’t agree with your method of discussion, even if it is polite, which has the need at times to create arguments which are sometimes fictitious and at others, completely arbitrary. You give these opinions your own meaning, and the way you engage in combat gives the impression that your formulations are the real or hidden opinions of those who contradict you. It’s fine to follow the thread of your own argument but take into account sometimes, and in an objective manner, what those you are discussing with are really saying.

I’ll follow the order of your letter of 9 July.

America as Concentration No. 1? The formulation is right on the condition that it is understood that international capitalism taken as a single whole, even if differentiated by unequal development, has in America “*the greatest metropolitan concentration of capital, of forces of production and of power.*”

But where do we get to when we translate this on to the level of tactics and political strategy? We get to your statement that “*America is the No. 1 concentration in the sense that, (way beyond the rest and it is beyond doubt that in any future conflict it will win)* [who would be able to stop it, I would add, and to what purpose?!] *it can certainly intervene anywhere an anti-capitalist revolution is victorious.*

Defeat today would come about like that. But with what result? Should we perhaps for this reason proclaim that revolution in this or that country would be useless until the proletariat has done away with the state in Washington D.C.? We are not joking, even if what you write must be understood historically.

I’ll go back to what I said before on this argument.

*The proletarian revolution strikes its class enemies when and how it can, wherever they appear weakest.*

Do I really have to add for your benefit that the revolution, even if it breaks out in Roccacannuccia<sup>4</sup>, is always just one moment in the international revolution, yet you feel free to paraphrase just for me what Stalin would have said?

What is interesting though is the theoretical question raised here.

I would put it to you like this. According to theory a revolutionary outbreak has to logically take place in some given concentration of power etc. etc. of the world capitalist order in which the accumulation of economic contradictions and the social antagonisms of capitalist domination have become more intense without the presumption, however, that this has “*economically reached the ultimate limits of its development.*”

## History

At this point, instead of posing the problem as you do, in my view in a unilateral and static manner; of the suffocating intervention of the UN (and why not also that of the Cominform police who are no less interested in strangling the revolution?), we have to pose the other; historically more lively, problem which rests on the capacity and explosive potential of a first revolutionary outburst to spread in a world which is objectively ripe for socialism. It is the only way for the socialist revolution to concretely pose how to overcome Washington as well: in this sense and only in this sense "*the revolution is not its wasting time*". But it surely is a waste if the revolution kicks its heels just waiting messianically for the conquest of power in the United States. The proletariat would certainly miss all the opportunities which the capitalist crisis can offer; no matter where, if it subordinates its international mission to the conquest of power in the United States.

On the basis of the Bolshevik October we know that the dynamic towards the widening of revolutionary struggle inherent in any victorious radical overthrow of power; in part achieved, in part potential, cannot be measured scientifically in advance. It is a type of "atomic" reserve which every revolution carries within it. Does the psychological break widen it? The revolution breaks out, overcoming all obstacles with the world as its objective. In the opposite case the revolution is defeated, dies on its feet and "shrivels" as you say, and disappears. But this is the way, and it is the only way.

And let's come to the analysis and definition of Russian society today. You will note that on this subject I limit myself to the indirect formulation of questions and objections.

You write

*It is not exact to say that the bourgeoisie was the protagonist in one period of capitalism and that the State is the protagonist today.*

Have you fished this inaccuracy from my writing perhaps and then formulated it in such a clumsy manner? Would it not have been more correct and even more useful in clarifying things if you were forced to take in to account even critically the importance of the objection I feel I have to try to put to you. I'll repeat what I wrote on the "economy and State" discussion.

*The tendency to an ever greater intervention of the state, which is characteristic in this economic period of the most highly industrialised countries, finds in the Soviet economy its most complete, defined and organic expression etc. etc.*

Further on

*Being in the general line of development of monopoly capitalism enabled Russia to miss out more than one stage, thanks to the October Revolution, which allowed the most absolute centralisation of the economy within the orbit of the state and, thanks to the Stalinist counter-revolution, it made use of this enormous centralised economic potential to massively increase the power of the state and open the way to this latest capitalist experience.*

*The protagonist of this historic period is therefore the state whose economy reproduces, on a wider scale perhaps, the methods and characteristics which really belong to capitalist production and distribution (wage labour, market, surplus value, accumulation etc. . .).*

Forgive the length of the quotation but you compel me to show that no-one has confused and even less mixed up the terms “economy and State” and it is entirely useless to claim, as you do, that the State does not play a leading role in economic activity. It would have been better if you had instead refuted my argument.

The formula of the monopolistic period and state capitalism is extremely vague? But it is not mine and before anything else it was Lenin who stated that state capitalism, compatible with the dictatorship of the proletariat, had the task of acting as an intermediary between soviet power and the countryside and to establish their alliance. This was also Lenin who thought state capitalism was the dominant form of the soviet economy. This was 1921. In 1925 we turn to the words of Sokolnikov, a conscientious and honest witness:

*Our foreign trade is carried out like a state capitalist enterprise; our internal trade companies are equally state capitalist enterprises and the State Bank is in the same way a State enterprise. At the same time our monetary system is infused with the principles of the capitalist economy.*

And from 1925 on? In “Towards Capitalism or Towards Socialism?” Trotsky wrote:

*In the face of the world capitalist economy the Soviet State behaves like a gigantic private owner.*

Furthermore State industry united in a single trust is then effectively defined as “the trust of trusts”. It is thus a matter of knowing, the work cited comes from 1925, if “with the development of the productive forces the capitalist tendency will increase at the expense of the socialist tendency”. Recent history has proved the decisive prevalence of the tendency based on the commodity economy, which is, in short, capitalist.

If at this point the revolution shrivels, this does not mean that the trustified economy controlled by the State and with which the State *gives it body* has to decentralise and return to individual capitalism and its competitive regime. The instruments created by the technological evolution of the nationalised economy which should work for a more rapid realisation of socialism are, in fact, used to push on towards capitalism.

What do I mean when I say that the State gives body to the trustified economy? I mean the tendency of imperialism to form that State which Lenin called the rentier State, the State of the usurers, where the bourgeoisie live by exporting capital and clipping coupons. Such a phenomenon, very visible in the US economy through the notable predominance of financial capitalism is common to the Russian economy itself even if it operates within a more restricted zone of influence.

*The world is divided into a small group of usurer States and a huge mass of debtor States. (Lenin)*

Manager State? Entrepreneur State? State subject to the economy? We are not talking about these but of considering certain phenomenon belonging to this phase of the economy which is financial capital, one of the levers of command manoeuvred mainly by the State, the policy of its export as an instrument of world domination, the organisation of a part of the economy on a permanent basis as a war economy, with the maintenance of two permanent armies, that of the bureaucrats and that of the military. All these phenomena come together in the State, the only unitary and potentially centralised organisation which can,

## History

and knows how to, resolve all the economic contradictions and social antagonisms whenever they reach their sharpest points on the level of force, violence and war. There is enough here, it seems to me, to show the imperialist State to be something more than its function as the representative committee of capitalist interests.

And like any capitalist phenomenon, even this one, the line of Marxist interpretation goes from the economy to the State and not vice versa. That capitalism is still standing, and the apparatus of the most continuous and persistent State in history remains, is open to verification through the critical examination of Marxists. Those who have anything to say on this should say it . . .

And we thus arrive at the ruling class in Russia. I asked myself and continue to ask myself: who is the new class in Russia which exercises its own dictatorship via the State? For my part I limited myself to the real and historically irrefutable statement that

*The enormous power of the soviet state cannot have failed to concretely resolve the problem of a homogenous and strong ruling class through the consciousness which it has of its own being, and of the historic function which it is called upon to carry out.*

I can only agree about what you say on the role of the bureaucracy but your formula of a "hybrid coalition and fluid association etc." excludes from the present State the existence of a historically defined class and fits perfectly with your other formula of an economy which tends to capitalism. If it is tending to capitalism it means that the economy in Russia is not yet capitalist through which the ruling class expressing it is tending itself to become capitalist, and is not yet capitalist.

That the peasant economy tends for the most part to capitalism, I can agree; but that the trustified economy of the State tends to capitalism, absolutely no. It is this characteristically capitalist economic reality which inevitably produces the ruling class which is appropriate to it.

And here, it seems to me, is the keystone of all your thinking on the Russian problem. As a result, a socialist revolution in that country compared to the United States is not so urgent for you. Up to this point I don't think that the terms of our conversation have lacked clarity even if we have gone beyond the concerns of the international address.

### **(Fourth Letter) Alfa to Onorio 31 July 1951**

I am replying to your letter of 22-23 July. I accept your proposal to remove any sharpness of tone.

First of all I also eliminate the accusation of having distorted your theses by formulating them in an exaggerated and erroneous way and I will force myself to return to your formulations and quotations just as you formulated them. It is not a bad method to attribute opinions which are slightly false to someone who contradicts you, rather it is a useful Marxist method, when it leads to greater clarity of important points, and especially when some elements, even at the highest level, have not taken them in after a great deal of time. I still say that I am a humble repeater and no more but I believe I have assimilated such a method well. Obviously, if the point made is a good one it is not so serious to have attributed to another a thesis that is



not strictly theirs: in polemics democracy is of no interest to us. We don't have to win points for scholastic merit like in a school and still less make a general assessment to see who is best, because we have gone beyond this phase. A made-up dispute can be useful in taking things forward and, at times, the solution to an equation cannot be found by following normal procedures but by writing a deliberately false formula. Meanwhile no one has gone to gaol. Thus 'the bourgeoisie previously played a role whilst the State has now replaced it', are not words you sign up to, however there is a huge, more or less conscious, prejudice in circulation and it is useful to demolish it, a job that we can do together and does not redound to the merit or fame of any one author; etc.

And now some remarks. When I speak of an important capitalist centre of power which might rush to stamp out any attempt at revolution, I did not mean to forbid such attempts or to make a hierarchy of such attempts. I meant above all to highlight that the political movement, which has been allied to this centre of power in all the most decisive phases of its rise to hegemony, must be judged as counter-revolutionary by militant workers now, and always, even when in political debate it adopts theoretically communist and class positions which are no more than a game. This is the point: for now we cannot make an attempt, neither in Pittsburgh nor Casale. We have to work to rectify the approach of the class for tomorrow and the day after tomorrow. Why did I say we would see the UN and not the Cominform here? First of all the Cominform countries are in the UN. In second place, if I turn round I see the silhouette of "Mount Olympus"<sup>15</sup> and not that of a Soviet ship. I am absolutely convinced that troops will also land from that and I don't mind admitting it.

For the present, I have stopped to ask why you see the definition of the transitional phases of the Russian economy from one social type to another as the most important thing, and after that I will clarify an ambiguity which perhaps I unintentionally provoked on the "meaning" of these transitional tendencies, or rather, this series of transitions.

The three following questions don't form a single whole: is the Russian economy going in the right direction? Are the Russian Communist Party and the International following the right policy? Does the Russian state have the right international policy? I mean "right" in the revolutionary sense and I pose the questions generally as if one were posing them from 1919 to the present. It is clear that today we would answer in the negative to all three questions. But there is no condition which obliges us to reply to all three with a "yes" or a "no" and thus the economic issue is not decided by the other two.

As usual I will explain using historical examples. England's anti-Jacobin war and its support for the feudal *émigrés*. Which was the most progressive bourgeois economy in the world? England. Which was the country where the development of capitalism was not threatened by feudal counter-revolution. Idem (the same). But what was the English Government's policy towards the struggle in France? Counter-revolutionary, no less than that of Austria or Russia, where the aristocracy were in power. What was the foreign policy of the English Government? Counter-revolutionary, it attempted to stop the Convention and Napoleon. We have not replied yes – yes – yes or no – no – no. We replied yes – no – no.

The 1917 revolution in Russia and the first, however primitive, communist measures. Communist struggle throughout the world, international struggle against the Germans and the Entente on every front: three

## History

revolutionary positions, yes – yes – yes. Was it an error to have started the world and European revolution in the least capitalist country only for it to end in defeat? We have said at least a hundred times that we wouldn't dream of making that criticism!

The social and economic retreat of 1921 and abandonment of certain **socialist** forms (the strictly economic point later). We, all of us on the left, approved the justifications for the *international* revolutionary strategy: a step backwards to catch our breath: reply no – yes – yes. That is the internal social economy goes backward, the revolutionary struggle goes forward.

After Lenin's death tactical deviations began from 1922 to, let's say 1926, but there was no alliance with any bourgeois country in the world because they were all struggling against Russia: we in the Left were not happy with party policy: our reply no – no – yes.

Further degeneration, both in the domestic economy and in party policy, which became collaborationist and opportunist and in which the foreign policy of the Russian state finally made alliances with capitalists. We have finally reached no – no – no.

I wanted to establish that the yes and the no of the internal economic process does not automatically determine, by itself alone, the other two replies. The three responses taken together depend on an understanding of the international historic framework, in Marxist terms, dialectically.

This takes away a lot of the importance from the problem which seems to you – or seems to many – to be the key problem: what is the nature of the present Russian economy, of the new class etc. Its not that this is not an important problem it is only that its solution does not resolve all the other issues. Like the English economy, which was the most advanced in 1793 whilst it pursued the most reactionary foreign policy, so *it could* be that a country which had evolved social and economic characteristics of socialism, could have a bourgeois party policy and make war. Whatever the truth about the economic process of Russia and its real "direction" the party and international policy of the Stalinists is equally fetid.

That is why, in the appeal to the workers, it is not so important for me to say: in Russia Citizen Capitalist, at such and such an address, does nothing and pampers himself with caviar, vodka and Rubens paintings but the policy of dissolving the [Communist – translator] parties, so the Americans and English could make their war all the better, stank as did the policy of the partisan fronts.

And now to your central point: state capitalism. This is exactly what one finds in Trotsky, Sokolnikov, Lenin and, of the rest, Marx and Engels a century ago: look at the Fili<sup>6</sup> one after another where I proved it some time ago. Now we can see what state capitalism is. But you go further; you speak of a state economy and the "*most absolute concentration of the economy within the ambit of the state*". Now such a formula, I don't say deserves many years in prison but I say stop to think that, from a Marxist point of view, the following terms are not well presented: society – production – economy – State. And now I'll go over it and in doing so I don't want to belittle anyone.

Let's start by establishing another central point. Let's allow for a series of the following economic types:

a capitalism of free competition and personally owned firms – a capitalism of trusts, monopoly – financial parasitic capitalism – state direction of the economy – the statification of industrial and banking firms. Let's then take the series of political power relationships: bourgeois parliamentary democracy – imperialism and totalitarian capitalism – revolutionary proletarian power – degenerating proletarian power – degenerated, and therefore capitalist, proletarian power (without a *third* class and not because there are only two classes in modern society).

So I say that the two series are not in parallel: they don't have a one to one relationship as we say in mathematics. Any category of the first series can, in time  $x$  and in place  $y$ , coincide with any category in the second series.

I will begin to explain. What is it that we cannot get into the heads of democrats and libertarians, our number one key Marxist point: the dictatorship? What is the central argument? It is not only possible but inevitable that an hour, a year or five years after the destruction of bourgeois power, an economic cell, an enterprise structure of a bourgeois type will survive: we say one to mean eventually also the whole system. In these sectors of production there will not only be exploited wage workers but also a boss who appropriates a profit. Yet this does not take away from the fact that at the same time there is a full proletarian political power: it just means that the transformation of production has not yet reached that sector. It will be done later. Meanwhile the bourgeoisie is deprived of political and civil rights controlled, even if still tolerated, by the organs of the red dictatorship. And this? And is it for this alone that the dictatorship is justified and imposed? Fine. Therefore we can have a proletariat and revolutionary party in power which has good tactic at home and in the Communist International and at the same time a capitalist economic zone which even might include private enterprise.

Vice-versa, with a purely bourgeois power such as that in England we can have a totally statified industrial sector; or rather one which has not only passed from personal ownership to a limited company then to an enterprise controlled by a trust to end up with the type in which the State is the owner and entrepreneur of the firm thus it is not just a concession, but it directs it economically, like for example the Tobacco Manufacture in Italy: every worker is an employee of the State. As I have said on numerous occasions, we have even more real communist organisational types under capitalist power; for example, the fire service: when something is burning no-one pays to put out the fire; if nothing is burning the firecrew are kept on all the same.

I say all this to oppose the idea, whoever the author is, that points to the successive stages: private capitalism, state capitalism as a lower form of socialism, higher form of socialism or communism.

State capitalism is not a semi-socialism but a real and proper capitalism, it is the very outcome of capitalism according to the Marxist theory of concentration and it condemns the free market theory of a permanent regime of production in which the admirable game of competition forever puts within reach of all a new slice of capital.

The ownership of the means of production is not enough to discriminate between capitalism and socialism (see *Property and Capital*) but we need to consider the whole economic phenomenon, or rather, who

## History

disposes of the product and who consumes it.

Pre-capitalism, the economy of individual producers: the product is that of the independent labourer; everyone consumes what they produce. This doesn't deny that examples of surplus production and therefore surplus labour are made to the detriment of multitudes of workers (at times united with strength in numbers but without the modern division of production) divided by caste, order and privileged power.

Capitalism: associated labour (in Marx *social labour*), division of labour produced at the will of the capitalist and not the worker; who receives money to buy on the market as much as he needs to maintain his strength. The whole mass of produced objects pass through the monetary form on the journey from production to consumption.

The lower stage of socialism. The worker receives from the unitary socio-economic organisation a fixed quantity of products which he needs in life and cannot have more of them. Money has ended but consumer goods, which can neither be accumulated nor exchanged, still exist. The ration card? In the lower stage of socialism it is the card for everyone without the use of money and without a market.

The higher stage of socialism and communism. In every sector the ration card has a tendency to be abolished and everyone obtains as much as they need. Someone wants to go to 100 cinema shows in a row? They can do so, even today. Will you telephone the fire brigade after you have set the house on fire? You can do it today but under communism there will be no insurance. However; then and now the mental health service is run according to the pure communist economy, i.e. free and unlimited.

Recapitulation:

- Precapitalism: economy without money and with work complementing money. Parcelled out production.
- Capitalism: Economy with totalitarian employment of money. Social production.
- Lower stage of socialism: Economy without money and with ration cards. Idem (i.e. the same social production)
- Higher stage of socialism or communism: Economy without either money or ration card. Idem.

State capitalism, which it would be cretinous to call "state socialism", remains entirely within capitalism. Everyone becomes a state wage worker. Surplus value, exploitation, etc persist. YOU say so and it's exactly right but it is not enough to see things in these terms, they must be located in their precise locations of time and space etc.

Before I come to the process in Russia, a further word on things I have often said or rather repeated in my articles.

The payment of money wages defines capitalism. Surplus value is only a consequence deduced by Marx from it in argument, dialectically, **even** including the gratuitous assumption that exchange everywhere is always free and equal. There is no such thing as a wage labour regime which gives the *undiminished fruits of labour* in money to the labourer (he taught that to Lassalle). For two principal reasons: only commercial

methods lead to capitalist accumulation and exploitation (C-M-C, M-C-M' etc); a deduction is always indispensable for social ends; maintenance, depreciation, improvements through unceasing investment in newly manufactured goods which become production goods.

In a *commercial* atmosphere there cannot be social advance without *class exploitation*. But the fact is as follows: the amount of surplus value the capitalist minority materially rakes off **is not** the preponderant phenomenon. It is the deduction ostensibly for social ends which becomes abnormal, mistaken, disproportionate and destructive.

The average working day throughout the world is ten hours.

The capitalists rake off half an hour:

Capitalism wolfs down six and half hours

The worker gobbles three hours if all goes well.

Under state capitalism, and more in appearance than anything else, we get rid of the half hour. This isn't important. But there is a greater concentration of the conditions which make it tremendously more difficult to recover the other six hours which have become seven or more. It would be more socialist to tie up all the capitalists and send them to Tahiti to exploit themselves for an hour and administer the other nine hours: after a short while we would need to work less hours a day.

Therefore in a certain sense I can agree with you that, starting from different points the capitalist countries and Russia have reached comparable situations as far as their economic tissue is concerned where the state accumulates, manages, and invests capital which has no private ownership. The concentration of power makes it easier to capitalise sectors which are still economically pre-capitalist. Good. However the power of the state never ceases to be used for class ends even from the beginning when it was not *theoretically* interested in the economy. (A bourgeois economy arises on the basis of the free exchange of equivalents but this is not possible without a concrete force which is ready to strike at those who tend to exchange non-equivalents in the bourgeois legal sense; therefore the factor of the State is *always* decisive).

In bourgeois countries you will recall the description of Lenin which was valid right up until the First World War. Good here too. Let's turn to the creditor and debtor countries (not states) which invest abroad and the real explanation of parasitism. In the modern form this does not consist of coupon clippers or *rentiers* but of *big businessmen* and, as ever, entrepreneurs; but we are no longer talking of entrepreneurs in production who work on small margins but of very big businessmen with colossal waste and very frequent changes of personnel.

To my mind *dirigisme*<sup>8</sup> and modern state capitalism leave greater space than in the past for the brigandage of private initiatives or groups, in the class solidarity which the bourgeoisie has socially and politically had since it appeared, an ever more global solidarity, even in war.

Here is an "analysis" on which we could do well to work. Only that the mechanism can be, let's say, in Siberia, or in a group making profits in Canada ... via Tangiers or somewhere else.

## History

I'll finish for now by looking at the process in Russia. I began with the remark that under the Tsar capitalism was only present in heavy and war industry; at bottom capitalism is born in a State form (the arsenals of absolute monarchies etc) the private factories only come along later...

The bourgeois democratic revolution would have been sufficient to give a greater impetus to the development of the capitalist tendency in all the other backward sectors of the economy: peasant, patriarchal, Asiatic etc. etc, artisanal, trading and such like. Naturally the October Revolution, carried out mainly by the industrial proletariat of the large cities, pushed the entire economy of the country further forward and therefore from then on at least nine tenths of pre-bourgeois Russian society were tending there and could not tend towards socialism just through this mechanism.

But I spoke about that tenth of the economy which attempted to become socialist and then had to *take a step back* towards capitalism. Have these tendencies now all ended, and is it now capitalist? We could admit it but only from that point when it gave up any attempt to wait for the world revolution: the counter-revolutionary position was reached even if in Moscow ... the firemen cost nothing.

In 1919-20 in Leningrad<sup>9</sup> and Moscow you could take the tram free, that is to say not just workers going to and from work but anyone who wanted to get on didn't have to pay for a ticket or show a card. You didn't pay on the train either but you needed a ticket from a soviet organisation. The lower stage of socialism in this case.

The factory worker got a lot of things in kind amongst which was bread which was taken from the countryside even by force. Money had no value; everyone got a little money and bought something on the black market.

When NEP began Lenin explained; it's no good, we have to legalise the market, allow the peasantry, after paying tax in kind to bring goods to the provincial market to exchange for industrial products, and pay factory workers in money. It's useless to go on whilst waiting *for the world revolution*, and even in the big centres and in heavy industry we have to extinguish the little socialism that the Russian economy allowed, and fall back to capitalism. We don't have bourgeois bosses in the factories or their shares quoted on the London Stock Exchange. Which, Lenin said, perhaps makes this a socialist factor? This is still capitalism, but of the State. Even if it is a proletarian state which governs here the thing smells more of the rule of a bourgeois state.

Re-read your quotations and you will see that they correspond with what I am saying. Ever since then, it has accumulated and invested, spreading industrialism and capitalist potential always on the backs of the workers: you are right. It always takes the same form: capitalism. Of the State should we add? All right.

Wherever it is, and wherever the economic form of the market exists, capital is a *social* force. It is a *class* force. It has at its beck and call the political *State*. Its interests become ever more international, even when the agonising struggle of the central states brings about war. They form an impersonal network, have their own dynamic inertia which moves according to their own laws.

By making the idea of the present situation of such forces in the Russian context concrete I believe I am saying something which goes beyond the phrase “state capitalism” which in itself says nothing.

## Fifth Letter Onorio to Alfa 6 October 1951

I am taking up the conversation at the point where your letter of 31 July left it and I have drafted some summary notes by way of conclusion. My criticism is addressed mainly to your statement that the revolution would be “wasting its time” if it had not first sought to do away with the most important centre of capitalism, universally identified today as the state of Washington D.C.

Here you agree with me, and you had no choice, that you don't mean to put a ban on revolutionary attempts elsewhere or to create a hierarchy of such attempts. In truth we Marxists don't talk of “prohibition” but of recognising that a revolutionary outbreak can come anywhere in the capitalist world and that it expresses – this is the main point – a capacity and explosive potential for extension which is the basis of revolutionary socialist strategy that leads it to spread abroad and to try to “do away with” the state of Washington D.C. All this has to be understood historically and not in order to avoid discussing its validity, both theoretically and politically. It isn't very convincing as a political argument aiming at the revolutionary preparation of those proletarians who have to judge the political trajectory of Soviet Russia (which allied with America in the most decisive period of its rise to hegemony) as counter-revolutionary. There can be no agreement with this argument which, put in this context seems like a purely political expedient to avoid the real problem which is the profound capacity for extension of any victorious revolution wherever the initial revolutionary victory takes place.

On this subject I remember reading in our “*Battaglia*” something which aimed to be an original position between our two viewpoints which will ultimately cease to diverge as soon as you accept that the revolution can break out in the face of a proletarian assault wherever capitalism seems weakest. This thesis, supported by the writer in *Battaglia*, is a significant enough example of the way in which the problem of revolution is posed: it starts with a political polemic in place of a dialectical examination.

In this the anti-Stalinist revolution is posed as the “*conditio sine qua non*” because it makes the defeat of the state of Washington D.C possible. But it does not ask if this revolution, in so far as it is the work of the proletariat, resolves the fundamental class problem which is that of the destruction of the capitalist state which then allows the capitalist economy to pass to the level of socialist production and distribution. It isn't mentioned because whoever wrote the article believes in a revolution devoid of material premises essential in a Marxist conception.

This is a throwback to motives of a purely idealist and voluntarist type which we thought had been definitely overcome at least within our small vanguard. The Anti-Stalinist revolution, due to the fact that it will be carried out by the proletariat, will have all the characteristics of an anti-capitalist one, otherwise it will just be reduced to a banal episode of a palace revolution and a mere changing of the guard.

And whilst we are applying dialectical method I'll pick up the thread of our conversation to say what I think

## History

about your “method” of dealing with the dialectic in history. It seems to me that your game of yes/no contradictions is totally devoid of formal dialectics; they may have some demonstrative value in the historical examples you quote in relation to your argument but they don't fully satisfy the need for a dialectical evaluation of the revolutionary motives of the nascent bourgeoisie. The facts which you draw out of the British experience seem formally correct, but anyone who thinks and believes in a type of correspondence, which is not just temporal, between the movement of things in the subsoil and the movement of the social and political forces in the superstructure, thinks and believes according to the precepts of a mechanical determinism which is contrary to the historical materialism meant by Marx. It is, in other words, more “historical” than “materialist”. I remind you with Bukharin that

*...any contradiction between the productive forces and the economy are quickly smoothed out, it rapidly exercises its influence on the superstructure, then the superstructure in its turn on the economy and the productive forces and the circle starts again without interruption.*

In short we are not just talking about grasping the contradiction between an evolving English economy with a capitalist character and a corresponding anti-Convention and anti-Napoleon<sup>10</sup> policy of parties and the Government.

The unfolding of the English industrial revolution had posed a problem of a political and social organisation as a revolutionary choice in bourgeois dress, whose progress was affirmed and measured by the quantity of economic, social and political forces of the old order which it defeated, and on their material capacity for resistance.

You asked yourself if the English industrial revolution had then been only English?

And so can we accept what you state that “all” the English superstructural forces were counter-revolutionary? For the most part what was dominant in English foreign policy was the need to struggle for hegemony on a continent which France threatened. This is very easy to explain but to say that it was “in toto”, no. In any case the struggle on a political level between the forces of the dying Ancien Regime and the new liberal forces expressed by the industrial revolution did not mean dialectically that the bourgeois revolt would succeed. The movement of the Enlightenment had its first formulation in England after the Revolution of 1688 and it ended with the storming of the Bastille which was on the other hand a response, the first of a series of revolutionary responses, to the internationally posed demands of a nascent capitalism.

However; the line of historical development of the liberal movement is easily identifiable and we would fail to understand, both in its totality and its contradictions, the advance of England in the modern bourgeois world if we undervalue the vast and progressive conflict between the new and increasing forces of the liberal movement and the Ancien Regime, between the defenders of “*habeas corpus*” and the return of absolutism, between the world of strong medieval leftovers and the age of religious conflict, of the political privileges of landed property and the world of industry and commerce, the policy of the Government was by force of necessity counter-revolutionary in regard to the France of both the Convention and Napoleon.

And it is along this line of dialectical interpretation that we will arrive at a consciousness of the real reasons which were at the heart of the first workers' movements: angry reactions against machines seen as the cause of unemployment, and the rise of the first workers' unions which would lead to a large number of strikes.



There is, in a word, an expanding and assertive capitalist economy with a corresponding ruling class, the bourgeoisie, whose policy is both liberal and reactionary at the same time, progressive but also prudently conservative. Everyone knows that in every society, in the to and fro between the progressive and reactionary and in all historical periods, there is a tendency for tradition to prevail.

Some further observations on your way of applying the dialectic to the experience of Soviet Russia. You write:

*The social and economic retreat of 1921 and abandonment of certain **socialist** forms (the strictly economic point later). We, all of us on the left, approved the justifications for the **international** revolutionary strategy: a step backwards to catch our breath: reply no – yes – yes. That is the internal social economy goes backward, the revolutionary struggle goes forward.*

The replies you give “no – yes – yes”, can make sense if referring to the entire subjective condition of our political struggle back then. But if we had to respond to the same questions today there is no doubt that we would respond “no” to all three, i.e. it is not true that the social economy in the USSR was retreating and the revolutionary struggle was advancing. Now we know that the socialised economy within Russia was retreating and the revolutionary struggle did not advance after the death of Lenin onwards neither in the fatherland . . . of socialism nor anywhere else.

The truth is that we of the Left showed that we were against the policy of the Party but we did not worry enough about linking the reasons for the decline of the world proletarian revolution to the retreat from socialism, and its disappearance from the economic and social organisations of the first proletarian revolution. The fault lies with us alone for preferring to turn ourselves in to assertors of the dialectic of words in place of a dialectic of things.

Agreed, there is nothing automatic in all this, there is only a backward development on the level of the superstructure towards bourgeois practices, the reflection of a return to a truly capitalist mode of production. This is why the hypothesis you have formulated

*Like the English economy which was the most advanced in 1793 whilst it pursued the most reactionary foreign policy so **it could be** that a country which had evolved social and economic characteristics of socialism could have a bourgeois party policy and make war.*  
is dominated by idealism.

If we are dealing with a present possibility, logic demands you refer directly to the Russian experience, if on the other hand we are dealing with a future possibility, the hypothesis is of no interest to us, because it has abandoned a Marxist analysis.

Finally, I freely acknowledge how our initially divergent arguments on the evaluation of state capitalism have, as is natural, come closer. It's only that the old police function of the state, rather than its interest in the economy, has greater emphasis in your vision of the bourgeois world, whilst in mine the state increases its power to the maximum, especially to protect the economy which it concentrates in itself against the

## History

competing and contradictory forces which have increased on both a national and international scale.

Since we both consider that state capitalism “is to be found entirely and totally within capitalism” we also draw from this the same conclusion on the process in Russia. For my part I hold to this with your own words which, in their turn, sum up what I have been writing to you on the Russian economy as state capitalist.

*Ever since then, it has accumulated and invested, spreading industrialism and capitalist potential always on the backs of the workers; you are right. It always takes the same form: capitalism. Of the State should we add? All right.*

These are precise terms until 1900, the epoch which we usually make the start of the period of imperialist expansion. These terms remain true and current, even if, taken in isolation, incomplete, when the evolution of capitalism confers on the State the function of taking over from private initiative as the terminal point of such an evolution. It would be worth the effort to document the present development of certain sectors of the American economy to see this phenomenon, on which bourgeois observers have already remarked, in reality, in the characteristic realisation of state capitalism attributed to the powerful personality of the Kaiser: In talking of state economy it's not me who is going too far. These are the facts of the economy which is so dynamically ahead of us that at times we fall back on established economic schemas because where the facts don't match with history we cease to be Marxists. We would not be true to our revolutionary understanding and “culture” if we too were backward on these issues.

We are not just dealing with a more or less sharp debate over a theoretical point but making clear and defining the character of the present period of capitalist development which poses the problem of a particular tactical and strategic vision for the revolutionary party and not some set of ... Trappist monks.

For Russia, which can't be left out of this reality, this is particularly important. According to your view its economy is tending towards capitalism; you say that nine-tenths of Russian pre-bourgeois society tends there, as is now that tenth of the economy which had attempted to become socialist and is now going backwards. Let's recognise that the tendency of the nine-tenths is on the right lines but what of the other tenth, even in the supposition that it was on the way to socialism, let's say though an inferior version, it cannot now tend to capitalism because it structurally cannot, in my view, return to the private entrepreneur but carries on functioning with the characteristics of a centralised economy within the ambit of the State which appears today as the “natural outlet of capitalism according to the Marxist theory of concentration”. It is in this real world that we find the motives of a party and state policy which stinks, and which has no valid dialectical connection with either a historical or revolutionary point of view.

I don't want to conclude these remarks without giving my impression on what you have said, or rather, the way you have said it. What do I mean? When I re-read your writings after some time the strange feeling of astonishment and dissatisfaction gleaned from the first reading was still present and perhaps even more explicit. What is disconcerting is that there is in your writings a central motif, a fuzziness which doesn't fully make itself clear, and around it all a fringe of sparkling polemics, where it is not difficult to discern a tendency to minimise and make accommodations on any issue.

This central motif is a product of your conviction that the Soviet economy in its backward march towards

capitalism, has not yet brought this u-turn to a conclusion, in simple terms it has not fully returned to capitalism.

All the rest is derived from this barely stressed conviction, in the formulation of a hypothetical country with evolved social characteristics which has a bourgeois policy of party and war, in the exhausting research into French and English history to find valid examples as proof, and finally the theory of Capitalist Concentration No. 1, the USA towards which all revolutionary efforts must be directed whilst the Russian concentration is to be dealt with later; and in a totally subordinate fashion thanks to the Proletarian Revolution.<sup>11</sup>

Why do I insist so much on this particular aspect of your interpretation? Because of the consequences which can be drawn from it on a more directly political level. In truth you don't accept that we treat the USA and Russia equally and not just at the moment.

It is impossible for the revolutionary party not to practice a policy of equidistance, especially if it is in a period where war has already been declared between a fully developed capitalist country like the USA, and a Russia which you make out is tending towards capitalism. It could be the theoretical premise for new ambiguous experiences. In every way this would profoundly disturb the strategic vision of the revolutionary party in the course of the next imperialist war.

If this final judgement may be inspired by the demon of polemic I would however like to acknowledge it with pleasure.

*Et de hoc satis.*<sup>12</sup>

## Notes

1 Both Bordiga and Damen keep referring to the "the state of Washington" thus to avoid confusion for US readers we have added D.C. where appropriate so as to make it clear that this is not the state in the North West corner of the USA. On the other hand no attempt has been made to alter the Italian habit of referring to "English" when they really mean "British" throughout the correspondence.

2 Jacques de Palisse was a feudal lord who died at the battle of Pavia in 1525. His fame rests more though on the nonsense verses and songs written about him after his death. "If he wasn't dead he would still be alive" being the most famous. Bordiga here appears just to be saying "nonsense" again.

3 "For the use of Onorio" i.e. for Damen's eyes only.

4 There is a real place called Roccacannuccia in Puglia (about 15 miles south of Lecce) but it has no connection with the term used here. It is common practice to use it to refer sarcastically to nowhere in particular.

5 American battleship then in the harbour in Naples, Bordiga's home town.

6 Bordiga is here referring to his own series of writings published in *Battaglia Comunista* under the rubric of *Il Filo Del Tempo* (The Thread of Time).

7 Name of a series of articles by Bordiga published in *Prometeo* in 1948-9

8 More than once Bordiga uses the Italianised version of the French "dirigisme" or "state direction of the

## Life of the Organisation

economy” – a policy which can be traced back to Napoleon I and which he seems to see as a precursor of state capitalism.

9 Bordiga means Petrograd which retained that name until Stalin re “baptised” it after Lenin’s death in 1924.

10 The Convention was the legislative body which, led by the Jacobins, dominated the French Revolution from 1792-4 and it was against this that the British Government originally declared the war (1793) which, with one brief respite (1802), continued until the final defeat of Napoleon in 1815.

11 Damen means here the October Revolution of 1917

12 And on this, enough.

## Internationalist Communist Tendency

The extremely fragmented nature of the revolutionary left is obvious to all. So what are the differences between us and the other anti-capitalist groups who support the class struggle?

We are called **internationalists** because we believe that the interests of the exploited are the same all over the world, and that communism cannot be achieved in a single geographic area, a myth peddled as the truth by Stalinism. We are therefore, bitterly opposed to Stalinism in all its varieties, for too long taken to be communism, both by the bourgeoisie and many generations of workers who looked to it in good faith when the ownership of industries, distribution, land, etc. ... went from private to state hands, leaving capitalism’s relations and all its parts (commodities, money, wages, profits, borders etc.) largely intact. This was not communism but a particular form of capitalism, state capitalism. After 1917 the economic blockade of the Soviet Union and the failure of the world revolution in the West meant that the revolution was transformed into its opposite, eventually becoming an imperialist bloc that would collapse after only seventy years.

In the conflicts between one national bourgeoisie and another, from Palestine to the Basque Country, we are on the side of the proletariat. This means putting aside territorial claims, and fraternisation with the workers in the opposing trenches. This is not to passively ignore the workers who have been victims of military occupation, but revolutionary defeatism for the unity of the class, beyond bourgeois frontiers. So-called wars of **national liberation** are subtle traps to drag the working class, the dispossessed, behind the chariots of reactionary bourgeois interests.

We see ourselves as a political reference point for the working class, first of all to those sections who are tired of the **unions**, all unions: this does not mean the fight to defend our immediate interests (wages, hours, work rates, etc.) is over. On the contrary! But the union is no longer the form through which workers can (effectively) organise and carry out these struggles in any way. The unions are now openly a tool to control the class struggle and manage the labour force on behalf of capital, whilst rank and file unions, despite the intentions of their militants, are a blunt instrument for workers, because they put forward radical economic demands without questioning the legal and economic framework imposed by the bourgeois state. The activity of rank and file unions has been further shown up by the crisis, which has severely restricted the opportunity for their reformist political practice.

For us the real alternative to unions is the **‘self-organisation of the struggle’**, which has to start spontaneously from the working class, outside of and against the unions, to choose for themselves the most effective forms of mobilisation, which of necessity go beyond compatibility with the system. The struggle for immediate interests must not, however, ever forget that

the general interests of the class lies in the overthrow of capitalism, and this must be constantly linked to it.

We are **anti-parliamentarian**: the idea of pushing these institutions in a proletarian direction ‘from inside’, means mistakenly seeing them as a neutral entity, when in fact they are the structures which the bourgeoisie gives itself in order to impose its rule. The participation in bourgeois parliaments and legislatures of the various communist parties, is the result of renouncing - for ever - the revolutionary perspective and means acceptance of democratic peace (which ultimately rests, let’s remember, on bourgeois guns).

The overthrow of capitalism is only possible through a **revolution**, i.e. the conquest of political power by the proletariat, outside and against all bourgeois pseudo-democratic channels (elections, reforms, etc. ...) mechanisms which are specially designed to avoid any radical change in society. The forum of our ‘democracy’, the bodies of power of the revolution, will instead be the **workers’ councils**, mass meetings in which delegates will be entrusted with specific mandates and will be recallable at any time. But these organizations will never become real bodies of proletarian power, without the approval of a clear programme aimed at the abolition of exploitation and, therefore, the elimination of classes, for a society of **‘freely associated producers’** who work for the human needs. This programme does not fall from the sky, but is articulated by that section of the working class which tries to grasp the lessons of past struggles, regrouping themselves at an international level to form a party that fights within the workers’ councils against capitalism for socialism. This is not a party of government that would replace the class, but a party of agitation and political leadership on the basis of that programme. Only if the most advanced sectors of the proletariat recognise themselves in the political leadership of the party will we be on the road to the revolutionary socialist transformation.

The **Internationalist Communist Party (Battaglia Comunista)** was founded with these objectives during the Second World War (1943) and immediately condemned both sides as imperialist. Its roots are in the Italian Communist Left, which from 1920 condemned the degeneration of the Communist International and Stalinization imposed on all the parties that belonged to it. In the Seventies and Eighties it promoted a series of conferences that led to the creation of the International Bureau for the Revolutionary Party and finally the **Internationalist Communist Tendency** (2009).

We are for the party, but we are not the party or its only embryo. Our task is to participate in its construction, intervening in all the struggles of the class, trying to link its immediate demands to the historical programme; communism.

## Subscribe

The CWO is not only against capital, it doesn't have any! We do not receive finance from any source other than through the sales of our press and the contributions of members and supporters. We once again thank everyone who has recently taken out or renewed subscriptions for their help with our work. This appeal is to those who find our analyses of current capitalist reality to be of value to a truly 'revolutionary perspective' to take out a subscription to keep our work going.

## **The Internationalist Communist Tendency**

### **Britain**

The Communist Workers' Organisation which produces Revolutionary Perspectives (a quarterly magazine) and Aurora (an agitational paper)  
BM CWO, London WC1N 3XX

### **Italy**

Il Partito Comunista Internazionalista  
which produces Battaglia Comunista (a monthly paper) and Prometeo (a quarterly theoretical journal)  
CP 1753, 20101, Milano, Italy

### **Canada**

Groupe Internationaliste Ouvrier / Internationalist Workers' Group  
which produces Notes Internationalistes/Internationalist Notes (quarterly)  
R.S. C.P. 173, Succ.C, Montreal, Quebec, Canada H2L 4K1

### **USA**

Write to: [us@leftcom.org](mailto:us@leftcom.org)

### **Germany**

Gruppe Internationaler Socialistinnen  
which produces Sozialismus oder Barbarei (to appear quarterly)  
GIS, c/o Rotes Antiquariat, Rungestrasse 20, 10179 Berlin, Germany

### **France**

Bilan&Perspectives  
produces a quarterly journal of the same name  
ABC-LIV, 118-130 Av. J. Jaures, 75171 Paris Cedex 19

## Our Pamphlets

- The Platform of the Internationalist Communist Tendency** **70p**  
(formerly the International Bureau for the Revolutionary Party)  
Revised English version (including postage in UK)
- Socialism or Barbarism** **£3**  
An Introduction to the Politics of the CWO (new version in preparation as **For Communism**)
- Class Consciousness and Revolutionary Organisation** **£4**  
The issue of “consciousness” is one of the most important for the working class and for revolutionaries. Our approach is unashamedly historical and attempts to draw out the real experience of the working class in its struggles of the last two centuries. 56pp
- Trotsky, Trotskyism, Trotskyists** **£3**  
How Trotsky, who made such an enormous contribution to revolutionary practice, ended up giving his name to a movement which returned to the counter-revolutionary errors of Social Democracy.
- Stalin and Stalinism** **£1**  
The lie that the former USSR was “really existing socialism” remains a potent weapon against the working class. This pamphlet not only examines the origins of the regime that emerged from the defeat of the October Revolution but also explains the motivations of Stalinism.
- Holocaust and Hiroshima** **50p**  
Examines how the nature of imperialist warfare comes to inflict mass murder on the world through an examination of these seminal events.
- Capitalism and the Environment** (by Mauro Stefanini) **£1**  
Translated from *Prometeo* these articles were written some time ago but show that our late comrade was ahead of his time in analysing the unsustainability of capitalist production.
- Spain 1934-39: From Working Class Struggle to Imperialist War** **£3**  
Reprint of key CWO articles long out of print and translations of contemporary documents from the Italian Left in exile. New introduction.
- Platform of the Committee of Intesa** 1925 (new edition) **£3**  
The start of the Italian Left’s fight against Stalinism as Fascism increased its grip.
- South Africa’s New Turmoil** **£2**  
An analysis of class relations in the period after the fall of apartheid thrown into relief by the strike wave which followed the Marikana massacres.

