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Lenin's Theory of Imperialism and Russia's Rise as a Great Power

by Michael Pröbsting



Cartoon by Carlos Latuff

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Introduction	p.3
I. Four Currents in the Workers' Movement Concerning the Inter-Imperialist Rivalry?	p.4
II. Lenin's Theory of Imperialism and its Revisionist Distortions	p.6
Marx and the Centrality of the Production Process	p.7
Imperialism is Based on the Capitalist Value of Production and Not Financial Speculation	p.8
Is There a Capitalist Country which is Not Dominated by Finance Capital?	p.9
Monopolism as the Essence of Imperialism	p.10
The Role of the State in Monopoly Capitalism	p.10
Disparity between the Imperialist Powers	p.12
Can Only the Richest Countries be Imperialist?	p.13
The Disparity between the Great Powers in Lenin's Time, before 1917	p.16
Are the US and British Models of Imperialism Pure Robbery?	p.20
Explaining Eastern Imperialist Power before 1914	p.24
A Brief Overview of the Imperialist Powers Today	p.25
The Theory of the "Transitional" or "Sub-Imperialist" State	p.27
Is Inter-Imperialist Rivalry Intensifying or Minimizing?	p.29
Excuse: The Maoist Origin of the Super-Power Theory	p.30
Modern Apologists for Karl Kautsky's Theory of Ultra-Imperialism	p.31
Explaining Eastern Imperialist Power before 1914	p.24
III. Social-Imperialism as a Caricature of "Anti-Imperialism"	p.33
"Third Campism" and the "Anti-Imperialist United Front with Putin and Xi" in the Struggle between Imperialist Rivals	p.33
Inverted Social-Imperialism as a Variation of Class-Collaboration	p.34
IV. Again on Russia as an Imperialist Power	p.35
Russian and Foreign Monopolies in Banking	p.35
Who Controls Russia's Monopolies?	p.36
Russia's Foreign Investment and Foreign Policy	p.36
Excuse: Eurasianism and Putin's Bourgeois Allies in Western Europe	p.38
VI. Summary	p.43
Endnotes	p.44

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LENIN'S THEORY OF IMPERIALISM AND THE RISE OF RUSSIA AS A GREAT POWER

On the Understanding and Misunderstanding of Today's Inter-Imperialist Rivalry
in the Light of Lenin's Theory of Imperialism.

Another Reply to Our Critics Who Deny Russia's Imperialist Character

By Michael Pröbsting

INTRODUCTION

The accelerating decline of capitalism, which began with the opening of a new historic period in 2008, inevitably exacerbates the contradictions and tensions between the classes within each state and between the states themselves. This means that, in addition to the increasing antagonism between the ruling class and the working class and the popular masses; between the imperialist states and the semi-colonial countries and oppressed nations; the world is facing a heightened rivalry between the great imperialist powers. This rivalry is continually being exacerbated on the background of the decline of the US and the emergence of new imperialist powers, in particular China and Russia.

These fundamental transformations in world politics have caused widespread confusion among socialists. Many deny China's and Russia's nature as emerging imperialist powers, and either believe that Russia and China are semi-colonial countries, oppressed and super-exploited by imperialism; or consider them as "transitional capitalist countries." There are even those who claim that China is "socialist" or a deformed workers' state. While most socialists fail to recognize the imperialist nature of China, a number of them are prepared to accept that Russia, at least, has become an imperialist power. However, even among those who recognize the emergence of new great powers in the East, there are many who draw from this the incorrect conclusions: For them, national and democratic struggles in the semi-colonial world have become proxy-conflicts between the imperialist states in which socialists should take no side.

A clear understanding of the class character of the great powers, as well as of the various conflicts and civil wars in the semi-colonial countries, is an absolute precondition for the adoption of a correct strategic orientation and the elaboration of the necessary programmatic answers for each such conflict, whether current or potential. This is for this reason that it is critical for socialists to overcome the profound confusion on these issues which currently exists within the workers' movement.

The RCIT recognizes the dire importance of these issues and has, therefore, elaborated its analysis and programmatic conclusions in a number of documents. Similarly, we have defended this Marxist approach against various critics. ¹ Recently, a number of new articles have been

published by other organizations which argue that neither Russia nor China are imperialist powers and which attempt to revise or misinterpret Lenin's theory of imperialism. Among these articles are some polemics against the RCIT. ²

In this document we will respond to various arguments of our critics and further elaborate our own analysis. We will show that those who claim that Russia (as well as China) is not an imperialist power are forced, either openly or surreptitiously, to distort and falsify the Marxist theory of imperialism. Towards this end, we will analyze the contradictions between Lenin's theory and these revisionist viewpoints. We will also provide an overview – based on relevant historical statistics – of the development and relations of forces between the imperialist powers in Lenin's time. Finally, we will again examine Russia's economy and address the individual arguments of our opponents. Given the prominent role played by the civil war in the Ukraine, the recent documents which we will be answering here have focused on Russia (and not China), and in particular they have focused on critiquing our study *Russia as a Great Imperialist Power*. Hence, we will also focus in this present study on Russia and refer those readers who are interested in China to the RCIT'S documents on that country (see footnote 1).

We sincerely hope that this booklet will assist readers in deepening their Marxist understanding of both Lenin's theory of imperialism as well as of recent developments in the world situation, one marked by the increasing rivalry between the Western and Eastern imperialist powers. As we have indicated above, such an understanding is a vital precondition for socialists in their search for a correct programmatic and organizational orientation in the increasingly explosive world situation with which we are currently faced.

I. FOUR CURRENTS IN THE WORKERS' MOVEMENT CONCERNING THE INTER-IMPERIALIST RIVALRY

The severe intensification of rivalry between the imperialist powers has provoked the sharpened expression of existing and emerging positions inside the workers' movement. Among these positions we can differentiate between four basic ones, while granting that, naturally, there are various shades and combination of them.

1) First are the *pro-Western social-imperialists and social-pacifists*. These are the forces in the workers' movement who opportunistically adapt to the Western imperialist great powers like the US, the EU, Japan, or Israel, and support their respective allies openly or covertly. One such example is the ex-Stalinist *European Left Party (ELP)*, whose French sections (the PCF and the FdG) were part of the social democratic Jospin government which participated in the imperialist war against Serbia in 1999 and against Afghanistan in 2001. In 2013, they supported France's colonial adventures in Mali and the Central African Republic.³ And they continued their support for the Hollande government when it approved of Israel's massacre of the Palestinian people in Gaza in the summer of 2014, even banning pro-Palestine solidarity demonstrations. The ELP's German party – the LINKE – as well as its Austrian Communist Party (KPÖ) denounce as “anti-Semitic” progressive anti-Zionists and supporters of the boycott campaign against Israel, as well as the *Gaza Freedom Flotilla*. Leading representatives of the LINKE, as well as youth and university groups of the KPÖ, openly support Israel's wars against the Palestinian people.⁴

Other examples of social-pacifist adaption to Western imperialism is the refusal of various centrist currents like the CWI, the IMT, or the SWP(UK)/IST to support the resistance in Afghanistan, Iraq, or Palestine against imperialist occupation forces during the past decade, or of Argentina against British imperialism in 1982.⁵ Other examples are the Mandeliste Fourth International, the Morenoite LIT, and the Barnesite SWP(USA) which were not only party to many of the these centrist capitulations, but which also praised the pro-EU Euro-Maidan movement in the Ukraine which brought to power an extreme right-wing government with a significant fascist wing in the spring of 2014.⁶ A final example is the Communist Party of Japan which supports the imperialist claims of its ruling class to various islands in the surrounding seas.⁷

2) Next are the *pro-Eastern social-imperialists and social-pacifists*. These are forces in the workers' movement who opportunistically adapt to the Eastern imperialist great powers, China and Russia, and their Bolivarian allies in the governments of Venezuela, Bolivia, and Cuba, as well as the Assad regime in Syria. As the counterpart to the pro-Western social-chauvinists, they support the Eastern great powers and their respective allies either openly or covertly. Examples are various Stalinist parties like the Russian KPRF⁸, the Indian CPI(M), the South African SACP, the CP of Sri Lanka, the Workers' Party of Belgium, the Austrian PdA, etc. In addition, there are various centrist forces like the Workers' World Party and the PSL (US), Socialist

Action (UK), the Spartacist school or the LCFI who claim that China is still “workers state” or that China and Russia are “transitional” or semi-colonial countries with which socialists should form an “*anti-imperialist united front*” and side with them against the Western powers.⁹

It is in the nature of these opportunists that those who capitulate to Western imperialism may at some point defect and opportunistically adapt to their Eastern rivals, or simply combine both forms of opportunism. German social democracy is a prime example of such changes in opportunistic adaptation. While they were steadfast supporters of the Kaiser during WWI and saved the ruling class from a revolutionary overthrow during the crisis in 1918-23, they were collaborators of US imperialism in the later 1920s and, after 1933, they became inverted social patriots by unconditionally supporting British, French, and US imperialism against Nazi-Germany.

3) Another, albeit much smaller, current includes those which we characterize as *Imperialist Economists*. These are groups which recognize that there are imperialist powers in the West and the East, but which derive from this correct insight the dangerous conclusion that all national and local wars can be reduced to proxy conflicts between these imperialist rivals. From this they conclude that socialists should not support any side in local conflicts like in Syria, the Ukraine, or Thailand. Lenin rightly denounced such currents as ‘*imperialist economists*.’ Examples are the various groups in the ultra-left Bordegist tradition or the French-based CoReP. However, various centrists like the IMT, the CWI, or the LCC use the inter-imperialist rivalry to justify neutrality in one or another conflict (e.g., the CWI in Syria or the LCC in Thailand).¹⁰

4) Finally we have the only consistent Marxist and revolutionary current, the *Proletarian Internationalists* to which the RCIT belongs. As *Bolshevik-Communists* they distinguish themselves from the other currents in their recognition of the imperialist character not only of the Western powers but also of Russia and China. From this they conclude that a consistent and intransigent approach against all these powers, one based on the Bolshevik's program of “*revolutionary defeatism*,” is imperative for the workers' movement. The significance of this program is the refusal to support any of the imperialist powers in a conflict and instead fight under the slogan “the main enemy is at home.” At the same time the *Bolshevik-Communists* recognize that the deepening of capitalism's crisis accelerates not only inter-imperialist rivalry but also the national and democratic aspirations of oppressed peoples. In the increasing number of conflicts breaking out throughout the world, Marxists must perform a concrete analysis of each situation and support those struggles which reflect an authentic desire of the oppressed for liberation (e.g., the resistance against the dictatorships in Egypt, Syria, the Ukraine as well as in Thailand, the Palestinian liberation struggle, etc.). At the same time, Marxists must refuse to support either side to a conflict in which both camps are thoroughly reactionary (e.g., the Euro-Maidan movement

and the Yanukovich regime in the Ukraine). In siding with the oppressed masses, socialists apply the united front tactic to the existing leaderships and combine this with the struggle for an independent working class position and for the formation of a revolutionary party.¹¹

In this booklet we will be focusing on the second current, the *pro-Eastern social-imperialists and social-pacifists*. We do so not because we consider this form of social-chauvinism to be worse or more significant than its pro-Western twin. Rather, we deal here with this trend of revisionism because of its relative newness, given that Chinese and Russian imperialism have only emerged in the past decade. It is precisely because of its being a new phenomenon that many socialists are confused by recent developments, and hence experience difficulties in finding the correct path, one of intransigent, revolutionary opposition to all forms of imperialism, with the simultaneous support for all just struggles of the oppressed masses.

Finally, we consider a correct understanding of the increasing inter-imperialist rivalry as a key to comprehending the death agony of the left reformist and centrist camps. Their demise finds its expression in the acceleration of the divisions between them, as well as the increasing number of class struggles in which important forces of the petty-bourgeois left not only lack a proper strategy to win, but simply join the camp of the counter-revolution. We have witnessed many of these forces supporting the Euro-Maidan movement in the Ukraine, supporting the Assad regime in Syria against the popular uprising, or hailing the military dictatorship of General al-Sisi in Egypt. In addition, many have refused to support the Palestinian resistance against Israel, and many reformists have even supported the Israeli state. In other words, the left-reformists and centrists

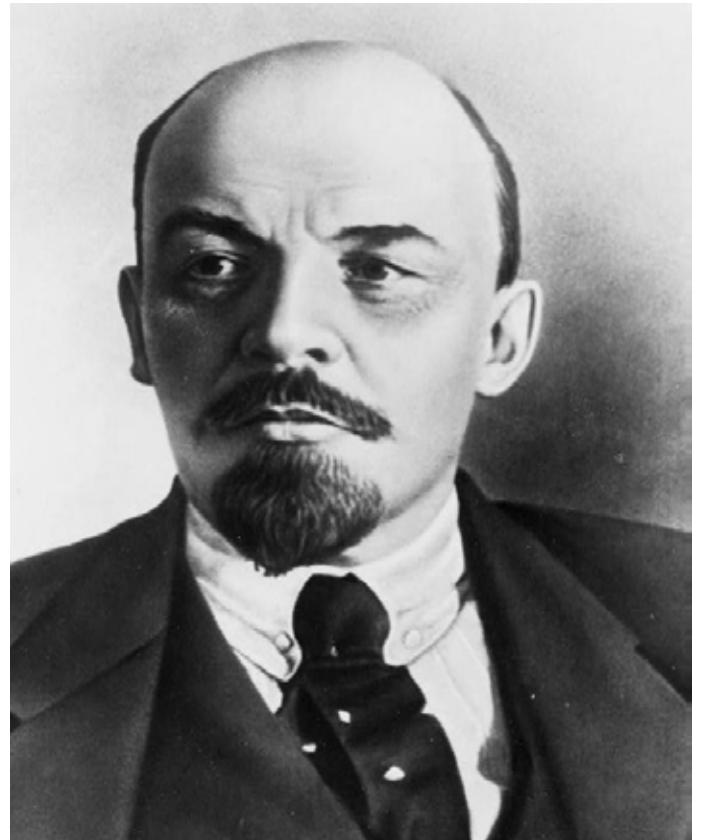
increasingly stand on the counter-revolutionary side of the barricade.

This fact once more illustrates how decisive it is to build a new, authentic revolutionary leadership which can replace the reformist and centrist misleaders, one which can correctly and even victoriously lead the working class forward in the class struggle.

Leon Trotsky, leader of the Russian Revolution in 1917 and founder of the Fourth International, once remarked that the struggle against war cannot be separated from the struggle against those who confuse and mislead the class consciousness of the working class and its vanguard, i.e., those who make it incapable of fighting consistently against the imperialist ruling class.

*"The struggle against war is inseparable from the class struggle of the proletariat. Irreconcilable class consciousness is the first condition for a successful struggle against war. The worst wreckers of class consciousness and the worst saboteurs of the revolutionary struggle at the present time are the so-called 'communists'. (...) That is why the struggle against war must begin and end with the unmasking of the treacherous role of the Comintern, which has finally become an agent of the imperialist bourgeoisie. The Second International is, of course, no better. But it is more compromised and therefore less dangerous."*¹²

In this spirit we present this booklet to militant workers and youth to provide a deeper understanding of the Leninist theory of imperialism and, no less so, of the present world situation so increasingly characterized by inter-imperialist rivalry. Such an understanding is a vital prerequisite to the launching of a successful struggle against all imperialist powers and to opening the road to liberation of the international working class and oppressed peoples around the world.



Leaders of the October Revolution 1917 and Marxist Theoreticians: Leon Trotsky (left) and V.I. Lenin (right)

II. LENIN'S THEORY OF IMPERIALISM AND ITS REVISIONIST DISTORTIONS

As we will demonstrate, our differences with the pro-Eastern social-imperialists concerning Russia's and China's class character are not merely based on facts, but are most fundamentally about the understanding of the nature of imperialism, of Lenin's theory, and how this theory has to be applied today.

When Marxists start laying out a definition of imperialism, they usually refer to Lenin's famous five criteria which he outlined in his book, as well as to some central theoretical articles he wrote. Here is Lenin's definition as he summarized it in *Imperialism and the Split in Socialism* – his most comprehensive theoretical essay on the subject:

„We have to begin with as precise and full a definition of imperialism as possible. Imperialism is a specific historical stage of capitalism. Its specific character is threefold: imperialism is monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism. The supplanting of free competition by monopoly is the fundamental economic feature, the quintessence of imperialism. Monopoly manifests itself in five principal forms: (1) cartels, syndicates and trusts—the concentration of production has reached a degree which gives rise to these monopolistic associations of capitalists; (2) the monopolistic position of the big banks—three, four or five giant banks manipulate the whole economic life of America, France, Germany; (3) seizure of the sources of raw material by the trusts and the financial oligarchy (finance capital is monopoly industrial capital merged with bank capital); (4) the (economic) partition of the world by the international cartels has begun. There are already over one hundred such international cartels, which command the entire world market and divide it “amicably” among themselves—until war redivides it. The export of capital, as distinct from the export of commodities under non-monopoly capitalism, is a highly characteristic phenomenon and is closely linked with the economic and territorial-political partition of the world; (5) the territorial partition of the world (colonies) is completed.”¹³

As we can see, Lenin emphasized that *monopolism* – i.e., the formation of monopolies and their control over the economy as well as the political control of great powers in world politics and, subsequently, the oppression and exploitation of the working class and other nations – was the essence of imperialism. This is why we have elaborated in our publications the following short definition of what makes an imperialist state: *An imperialist state is a capitalist state whose monopolies and state apparatus have a position in the world order where they first and foremost dominate other states and nations. As a result they gain extra-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression.*¹⁴

However, as we shall see, many socialists understand Lenin's definition in an eclectic way, do not grasp it in its totality, and thereby miss its essence. Let us see which are the most important errors.

Revisionist Confusion of the Nature of Finance Capital

One of the most common mistakes is a one-sided and thus incorrect understanding of what the Marxist category of *finance capital* actually means. As the quote from Lenin above shows – and which he has repeated numerous times – “*finance capital is monopoly industrial capital merged with bank capital*”. However, many so-called Marxists confuse *finance capital* with *financial capital*, i.e., money capital. This becomes clear if we examine the writings of our critics.

Sam Williams, whose essay is praised by Roger Annis, for example writes: “*Since the essence of capitalism is M—C—M', the huge amount of idle money created by each successive crisis burns holes in the collective pocket of the capitalist class. Inevitably, the great amount of money—potential capital—released by successive crises of overproduction seeks investment. Much of the money driven out of the channels of circulation in each successive crisis is transformed into money loan capital M—M'.*

In this way, modern finance capital develops. (...) Monopoly capitalism is therefore the final stage of capitalism, though like all social phenomena imperialism passes through a number of phases of its own. Under all stages of imperialism, however, a few countries emerge that are very rich in finance capital that exploit other countries that are relatively poor in it. To measure how rich a country is in finance capital, we must take into account not only the absolute quantity of finance capital—measured like all forms of wealth under the capitalist mode of production in money, or units of weights of gold bullion representing in turn quantities of abstract human labor measured by some unit of time—but also its magnitude relative to the population of the country. The countries that are richest in finance capital—not necessarily richest in industrial capital—are the imperialist countries that economically exploit all other capitalist countries in the world. (...)

The situation is quite different with those capitalists who own only finance capital—which I, following Marx and Engels, have called money capitalists in this blog. (...) One of the changes in monopoly capitalism since Lenin's day is that back then the great mass of corporate shares was still owned and managed by individuals. Today, in contrast, the great mass of stocks, bonds and other securities is managed by institutional investors such as bank-managed trust funds, pension funds, mutual funds, hedge funds, insurance companies and money market funds. These institutions, in turn, are increasingly owned or controlled by the few universal banks. In this way, “moneyed capital” is transformed into finance capital controlled by a few gigantic banking institutions.”

We can see a similar confusion in the essay of Michael Burke from the British Socialist Action group. Burke elaborates under the sub-title “*Finance Capital*”:

“A capitalist economy is one in which there is generalised commodity production. Money is the universal commodity, standing in for all other commodities in the process of exchange. The

control over the direction or allocation of money capital therefore becomes decisive in the development of capitalism itself. The medium for this allocation is the banks.

As a result, the degree of concentration of capital and the dominance of monopolies depends on the financial capacity of the banks. (...) This control over the allocation capital places the banks in an increasingly dominant position in the capitalist economy. Dominance over the global financial system is the essential condition for dominance over an entire economic system dominated by finance capital.

As the dominant force in the global financial system, the US directs resources for its own needs. It charges vastly higher rates of interest when it recycles capital overseas than it is willing to pay. (...) The US dominates all global transactions through the trading pre-eminence of the US Dollar, which accounts for approximately 85% of all foreign exchange transactions. Firms seeking to raise capital privately are inspected by the US-dominated ratings' agencies. Governments are frequently obliged to apply to the IMF or World Bank, where the US dominates."

A similar approach can be found in the polemic against the RCIT by Jan Norden's *Internationalist Group*:

"An Austrian pseudo-Trotskyist, Michael Pröbsting, has recently authored an opus titled "Russia as a Great Imperialist Power: The Formation of Russian Monopoly Capital and Its Empire" (*Revolutionary Communism*, March 2014). Pröbsting argues that Russia is imperialist in the first instance because of the domination of the economy by monopolies, citing Gazprom, Sberbank, Rosneft and Lukoil, and others. This proves nothing. In the era of combined and uneven development, even in semi-colonial capitalist countries monopolies often dominate the economy. Brazil's Vale Corp. and Mexico's Cemex and América Móvil outrank Gazprom and Lukoil in foreign assets, but that doesn't make Brazil or Mexico imperialist.

And this is certainly not the dominance of finance capital, the

cornerstone of Lenin's analysis of imperialism. Russia has only 2 of the top 100 banks in the world ranked by total assets, (...) Banks constitute a much smaller part of the Russian economy (4% of GDP) than in the U.S. (8% of GDP and 41% of corporate profits) or the rest of the imperialist West, and play little role in directing the economy."

The *Internationalist Group* concludes: "So Russia's economy is not dominated by finance capital".

Marx and the Centrality of the Production Process

These quotes demonstrate a number of misunderstandings on the part of their authors. First, in the quotes just cited, only banks, money capitalists, and the currency market are referred to. This shows how these writers understand finance capital not as the *fusion* of banking and industrial capital – as Marxists do – but rather as banking or money capital alone. In fact, it is a widespread myth among numerous critics of neo-liberal globalization that capitalism has undergone a process of financialization in which the financial sector has become separate from the "real economy." For such critics, Marx's formula for money loan capital $M-M'$ – where "capital appears as a mysterious and selfcreating source of interest" and "the source of its own increase" – becomes reality. This, however, is a mystification, as Marx explained in Vol. III of *Capital*:

"This, too, becomes distorted. While interest is only a portion of the profit, i.e., of the surplus value, which the functioning capitalist squeezes out of the labourer, it appears now, on the contrary, as though interest were the typical product of capital, the primary matter, and profit, in the shape of profit of enterprise, were a mere accessory and byproduct of the process of reproduction. Thus we get the fetish form of capital and the conception of fetish capital. In $M-M'$ we have the meaningless form of capi-

Figure 1 Financial Profits as a Percentage of Total Profits, US Corporations (in %) ¹⁹



*tal, the perversion and materialisation of production relations in their highest degree, the interest bearing form, the simple form of capital, in which it antecedes its own process of reproduction. It is the capacity of money, or of a commodity, to expand its own value independently of reproduction — which is a mystification of capital in its most flagrant form.”*¹⁵

While capital is “*a unity of the process of production and the process of circulation,*” Marx insisted that the starting point and the fundamental basis for the capitalist economy is and remains the production process – i.e., the creation of capitalist value – and *not* the circulation process. Money capital cannot create surplus value out of itself, but only if it is infused in a valorization process, i.e., if it is used to propel the process of exploitation of labor power in order to create surplus value: “*The directing motive, the end and aim of capitalist production, is to extract the greatest possible amount of surplus value, and consequently to exploit labour power to the greatest possible extent.*”¹⁶

This is why the general formula for the process of capitalist value creation is $M - C - M'$, i.e., money capital must be transformed into commodity capital – via the labor process – to be further transformed again into money capital, this time with an additional surplus value. In other words, the capitalist production process is a valorization process ($M - M'$) through the exploitation of the labor force ($M - C \dots P \dots - C' - M'$). Hence, it is decisive to analyze where the capital circulation process enters the process of value creation in the form of commodities.

In the epoch of declining capitalism, the tendency of the rate of profit to fall becomes more and more acute. This tendency is based on the law inherent to capitalism, that the share of living labor – the *only* source of the creation of additional capitalist value – in the production process, and hence its share in the composition of capital, continually declines while the share of dead labor (machinery, raw materials, etc.) continually increases. Hence the share of surplus value and, therefore, of profit falls:

*„As the process of production and accumulation advances therefore, the mass of available and appropriated surplus-labour, and hence the absolute mass of profit appropriated by the social capital, must grow. Along with the volume, however, the same laws of production and accumulation increase also the value of the constant capital in a mounting progression more rapidly than that of the variable part of capital, invested as it is in living labour. Hence, the same laws produce for the social capital a growing absolute mass of profit, and a falling rate of profit.”*¹⁷

Imperialism is Based on the Capitalist Value of Production and Not Financial Speculation

For this reason capitalists hesitate more and more to invest their profits in the production process and instead look for opportunities to appropriate a share of surplus value via investment in the unproductive sectors of the economy or via loans, speculation, etc. This process has increased dramatically in the period of globalization as has been shown in numerous publications (see Figure 1)¹⁸

However, this in no way means that the process of profit creation has actually become separated from the production process. It has not, and it cannot. The collapse of the speculation bubble in 2008/09 was a profound verification of this Marxist law. The great recession demonstrated that if financial accumulation becomes too distanced from the

accumulation of capitalist value over a long period of time, it will inevitably burst.

It is, therefore, no accident that Marxists do not consider hedge funds and other forms of speculative money capital as the heart of the capitalist economy. For them, only *finance capitalist monopolies*, i.e., monopolies which unite banking capital (or money capital in general) and industrial capital can be categorized as serving this central role. However, our critics see things differently. *Socialist Actions'* For example, Michael Burke has made the following statement, reflecting his characteristically one-sided and incorrect approach:

*“The main mechanism for this worldwide extortion is the US dominance over the global financial system, which is itself the dominant sector of capitalism.”*²⁰

A similar lack of understanding has been expressed by Sam William:

*“One of the changes in monopoly capitalism since Lenin’s day is that back then the great mass of corporate shares was still owned and managed by individuals. Today, in contrast, the great mass of stocks, bonds and other securities is managed by institutional investors such as bank-managed trust funds, pension funds, mutual funds, hedge funds, insurance companies and money market funds. These institutions, in turn, are increasingly owned or controlled by the few universal banks. In this way, “moneyed capital” is transformed into finance capital controlled by a few gigantic banking institutions.”*²¹

This issue is of major importance for our understanding of imperialism. Because our critics incorrectly consider finance capital as banking or financial capital only, they evaluate the imperialist nature of a state and its general economic strength *only* by the size of its financial capital. On the other hand, since we Marxists consider finance capital as the unity of banking and industrial capital, we evaluate the imperialist nature of a state and its general economic strength based on the role of its finance (i.e. banking and industrial) capital.

At this point in our analysis, we are not yet dealing in detail with Russia as an imperialist state, something which will get to below. Here, our aim is to outline the methodological failures of those who falsify the Leninist theory of imperialism and, consequently, deny the nature of Russia and China as imperialist states.

Because of their methodological errors, the pro-Eastern social-imperialists see the world dominated by only one super-power – the US and its allies. Burke’s following statement is characteristic: “*Imperialism is a global system of super-exploitation, directed by control over finance capital and supported by military dominance. The sole imperial super-power is the US, supported by its allies.*”

They consistently justify their conclusions by referring to the dominant position of US capital in the financial sector and the currency market. However, they totally ignore the relative decline of US imperialism and the emergence of new powers as is reflected by the declining position of US capital among the leading global corporations, its decreased role within the world’s industrial sector (which is the heart of the capitalist value production), its growing indebtedness, etc.

In a recent document, we have shown that the *relative* economic power if the US has gradually declined in the past decades. In 2011 it was already overtaken by China, based on a number of criteria. Today, the US accounts for

only 19% of global industrial production (it was about 50% some decades ago). Similarly, if we identify the world's largest corporations (indexed in the so-called *Fortune 500*), we see a significant decline in the place of US monopolies among them, decreasing from 40% to 26% between 2000 and 2011.

However, our pro-Eastern social-chauvinist critics ignore these facts, because they fail to recognize that it is *not* the financial sphere but the combination of banking and the industrial sphere which determines the economic strength of a given country.

Our critics' methodology completely contradicts Lenin's approach. In his book on imperialism as well as in other works he authored, Lenin made clear that he did not view the imperialist great powers *only* by their financial strength. Hence, while our critics only evaluate the strength of different states in terms of capital export and financial capital, Lenin did no such thing. While he certainly recognized the importance of a state's financial strength, he made absolutely clear that evaluating states by their productive forces, their industrial development, and their accumulation of capital was the key, as is demonstrated by the following quote:

"Thanks to her colonies, Great Britain has increased the length of "her" railways by 100,000 kilometres, four times as much as Germany. And yet, it is well known that the development of productive forces in Germany, and especially the development of the coal and iron industries, has been incomparably more rapid during this period than in Britain — not to speak of France and Russia. In 1892, Germany produced 4,900,000 tons of pig-iron and Great Britain produced 6,800,000 tons; in 1912, Germany produced 17,600,000 tons and Great Britain, 9,000,000 tons. Germany, therefore, had an overwhelming superiority over Britain in this respect. The question is: what means other than war could there be under capitalism to overcome the disparity between the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence for finance capital on the other?"*²²

We also remind our critics that, in his famous report on the world situation at the III Congress of the Communist International 1921, Leo Trotsky measured the strength and weaknesses of the various imperialist powers by referring to statistics pertaining to accumulated capital stock, the production of iron, coal, and wheat, etc., volume of trade and so on.²³

In addition, Lenin also recognized the emergence of imperialist powers at his time – Russia, Austria-Hungary, Italy, and Japan – which were still underdeveloped from a strictly capitalist point of view. It is not at all difficult to see the similarity of Russia and Japan in Lenin's time and Russia and China as emerging imperialist powers today.

„We see three areas of highly developed capitalism (high development of means of transport, of trade and of industry): the Central European, the British and the American areas. Among these are three states which dominate the world: Germany, Great Britain, and the United States. Imperialist rivalry and the struggle between these countries have become extremely keen because Germany has only an insignificant area and few colonies; the creation of "Central Europe" is still a matter for the future, it is being born in the midst of a desperate struggle. For the moment the distinctive feature of the whole of Europe is political disunity. In the British and American areas, on the other hand, political concentration is very highly developed, but there is

*a vast disparity between the immense colonies of the one and the insignificant colonies of the other. In the colonies, however, capitalism is only beginning to develop. The struggle for South America is becoming more and more acute. There are two areas where capitalism is little developed: Russia and Eastern Asia. In the former, the population is extremely sparse, in the latter it is extremely dense; in the former political concentration is high, in the latter it does not exist. The partitioning of China is only just beginning, and the struggle for it between Japan, the U.S., etc., is continually gaining in intensity."*²⁴

For the very same reason, Lenin criticized his comrade Bukharin who tended to have one-sided views. Bukharin at times reduced modern capitalism to financial capital and monopolies alone, and ignored that it is in fact the combination or amalgamation of monopolies and competition, of money and productive capital. However, in defense of Bukharin, one must admit that imperialism and its understanding by Marxists was a relatively new at that time. Since then, however, a whole century has passed and it is a pity that there are still "Marxists" who haven't learned from reality and the Marxist classics.

*"Comrade Bukharin's concreteness is a bookish description of finance capitalism. In reality we have heterogeneous phenomena to deal with. In every agricultural gubernia there is free competition side by side with monopoly industry. Nowhere in the world has monopoly capitalism existed in a whole series of branches without free competition, nor will it exist. To write of such a system is to write of a system which is false and removed from reality. If Marx said of manufacture that it was a superstructure on mass small production, imperialism and finance capitalism are a superstructure on the old capitalism. If its top is destroyed, the old capitalism is exposed. To maintain that there is such a thing as integral imperialism without the old capitalism is merely making the wish father to the thought. This is a natural mistake, one very easily committed. And if we had an integral imperialism before us, which had entirely altered capitalism, our task would have been a hundred thousand times easier. It would have resulted in a system in which everything would be subordinated to finance capital alone. It would then only have remained to remove the top and to transfer what remained to the proletariat. That would have been extremely agreeable, but it is not so in reality. In reality the development is such that we have to act in an entirely different way. Imperialism is a superstructure on capitalism."*²⁵

Is There a Capitalist Country which is Not Dominated by Finance Capital?

Let us now deal briefly with another fundamental misunderstanding on the part of our critics. Above, we quoted one of their statements: *"So Russia's economy is not dominated by finance capital."* Leaving alone that this is simply factually incorrect with regards to Russia, as we will show below, it is also wrong on a theoretical level. As a matter of fact, there is not a single capitalist country in the world – imperialist or semi-colonial, rich or poor – which is *not* dominated by finance capital. The only difference is *whose* finance capital. As a general rule – leaving aside some exceptions – imperialist countries are dominated by their own *domestic* imperialist finance capital (sometimes in alliance the finance capital of additional imperialist states), while semi-colonial countries are dominated by the finance capital of *foreign* imperialist powers. This domi-

nation is achieved either by direct foreign ownership of industries, telecommunications, services, banks, etc. and/or by a high degree of indebtedness to foreign, imperialist financial institutions.

Considering the complete misunderstanding attested to by the above quote, it is clear that our pro-Eastern critics are incapable of recognizing the significance of Russian monopolies dominating their domestic economy.

Monopolism as the Essence of Imperialism

This leads us to another grave mistake made by our critics. As we demonstrated above, the pro-Eastern social-imperialist camp considers the financial sector of an economy as the dominant sector under capitalism. Leaving aside their confusing of finance and financial capital, this approach is also problematic because it deflects the focus away from monopolies as being the essence of imperialism. Lenin was unambiguously clear about this issue: it is the formation of monopolies which is the essence of the economy in the age of imperialism. This is not only clear our quotation of Lenin which appears at the beginning of this booklet, but also from numerous other statements. For example:

*„Economically, imperialism (or the “era” of finance capital — it is not a matter of words) is the highest stage in the development of capitalism, one in which production has assumed such big, immense proportions that free competition gives way to monopoly. That is the economic essence of imperialism. Monopoly manifests itself in trusts, syndicates, etc., in the omnipotence of the giant banks, in the buying up of raw material sources, etc., in the concentration of banking capital, etc. Everything hinges on economic monopoly.“*²⁶

In his volume on imperialism he re-emphasizes this:

*„Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly.“*²⁷

Therefore, the utter misunderstanding of Jan Norden's *Internationalist Group* becomes manifestly clear when these centrists write:

“Pröbsting argues that Russia is imperialist in the first instance because of the domination of the economy by monopolies, citing Gazprom, Sberbank, Rosneft and Lukoil, and others. This proves nothing. In the era of combined and uneven development, even in semi-colonial capitalist countries monopolies often dominate the economy. Brazil's Vale Corp. and Mexico's Cemex and América Móvil outrank Gazprom and Lukoil in foreign assets, but that doesn't make Brazil or Mexico imperialist.”

For Jan Norden, our analysis of Russia's monopolies “proves nothing.” Yet, he can only write such an inanity because he entirely ignores Lenin's insistence that monopolies are the essence of imperialism. His objection, that Brazil's and Mexico's economies are also dominated by monopolies, is either demagogic or reveals profound ignorance. Yes, these countries' economies are surely dominated by monopolies. As we suggested above, *all* capitalist countries in the world are dominated by finance capital and, equally, by monopolies. But the decisive question for Marxists is: dominated by *whose* finance capital and by *whose* monopolies?

In our study on Russia, we have shown that this country is dominated by *domestic* monopolies. Key sectors like oil, gas, banking, and metal are controlled by a few large corporations which are usually closely linked with the state. According to a calculation from 2004, the 22 largest

Russian monopolies employ 42% of the labor force and account for 39% of sales, while the capitalist state (both regional and federal combined) employ another 21% of the labor force and account for an additional 36% of sales. On the other hand, *foreign* corporations employ only 3% of Russian workers and sell only 8% of the goods and services produced in the country.²⁸ These statistics reflect the essential nature of Russia as an imperialist state.

In contrast to Russia, Mexico and Brazil are dominated not by domestic but by foreign monopolies. We have described this in detail in our book *The Great Robbery of the South*. A study of Mexico in the early 1960s showed that out of the 100 major companies, 56 were either controlled by foreign owners or had a large share of foreign capital. In 1970 – according to another study – 45.4% of the largest 290 manufacturing enterprises were in foreign hands. Data of Brazil in the 1960s demonstrates that there was a similar dominance: 31 of the 50 largest private enterprises were controlled by imperialist capital. Out of 276 large companies, more than half were controlled by foreign owners.²⁹ Since the time of these studies, the picture has not changed. For example the proportion of Mexico's bank assets under foreign ownership reached 74% in 2011.³⁰ In other words, three quarters of Mexico's financial sector is in the hands of imperialist banks!

Similarly, imperialist corporations control nearly half of Brazil's foreign trade and more than half of the largest 500 private Brazilian companies: *“The high FDI inflows have meant an increase in the foreign share in the Brazilian economy. (...) Foreign corporations also increased their share of the country's foreign trade, reaching 41.3% of exports and 49.3% of imports. The role of the foreign capital is even stronger when we consider only large companies. Among the largest 500 private Brazilian companies, those under foreign control accounted for 41.2% of sales in 1989. This share increased to 49.9% in 1997 and, by 2003, reached 51.7%.”*³¹

It is, therefore, absurd for Jan Norden to equate Russia's economy, in terms of monopolization, with that of Brazil or Mexico. Doing so only proves his implicit refutation of Lenin's theory of imperialism.

The Role of the State in Monopoly Capitalism

Yet another manifestation of our critics' fundamental misunderstanding about the essence of finance capital is the following statement by Roger Annis, which is also repeated by other pro-Russian leftists:

*“The role of finance capital is the benchmark of any measure of the core nature of a capitalist country. In Russia, it is nothing resembling that of the imperialist countries. It's the state, not finance capital, which plays the overriding, directing role in Russia's economy. The state happens to own much of the vaunted oil and gas industries; so too in finance and much of manufacturing.”*³²

We note in passing that various leftists repeat the same argument – the dominant role of the state in the economy – when they defend the absurd position that China is not a capitalist country. Surprisingly, these leftists “forget” that Lenin and Bukharin (the latter, despite some one-sidedness, also played an important role in the elaboration of the Marxist theory of imperialism) recognized the central role of the imperialist state in the modern economy. In an important contribution to the Marxist theory of the

Table 1 Industry as Share of GDP, 2011 ⁴⁰

United States	20%
Britain	21%
Japan	26%
Germany	31%
Russia	37%
China	47%

Table 4 FDI Outward Stock by Country, 2013 (share of global FDI Stock) ⁴⁷

<i>Country</i>	<i>Share (%)</i>
World	100
US	24.1%
Britain	7.2%
Germany	6.5%
France	6.2%
Japan	3.8%
Canada	2.8%
Italy	2.3%
China	2.3%
Russia	1.9%

Table 2 Financial Systems Structure, % of GDP, 2005–10 average ⁴¹

<i>Countries</i>	<i>Stock market capitalization</i>	<i>Bank assets</i>	<i>Mutual fund assets</i>	<i>Insurance assets</i>	<i>Pension assets</i>
United States	122.7%	65.3%	76.6%	44.2%	70.6%
Britain	123.9%	183.3%	36.3%	95.9%	76.2%
Germany	45.7%	131.4%	43.6%	59.5%	12.0%
Japan	87.7%	164.1%	13.2%	74.4%	19.9%
Russia	68.7%	37.6%	0.3%	2.2%	1.3%
China	81.7%	118.0%	8.1%	9.7%	0.7%

Table 3 Population and Gross National Income in 2012 ⁴⁶

	<i>Population (in Million)</i>	<i>\$ Billions</i>	<i>Per Capita in \$</i>
United States	313.9	16,430.4	52,340
China	1,350.7	7,731.3	5,720
Japan	127.6	6,106.7	47,870
Germany	80.4	3,624.6	45,070
France	65.7	2,742.9	41,750
United Kingdom	63.6	2,448.8	38,500
Russia	143.5	1,822.7	12,700
Spain	46.8	1,368.8	29,270

Table 5 Foreign Direct Investment Outflows of Great Imperialist Powers, 2013 (in Millions of \$US and as Share of Global FDI Outflows) ⁴⁸

<i>Country</i>	<i>2013</i>	<i>Share of the Global FDI Outflows</i>
Total	1,410,696	100%
USA	338,302	24%
Japan	135,749	9.6%
Britain	19,440	1.4%
Germany	57,550	4.1%
France	37,197	2.6%
China	101,000	7.2%
Russia	94,907	6.7%

imperialist state, Bukharin wrote: *“In order to ascertain the most general sources of this stratification we must keep in mind the tendencies of finance-capitalist development. The organizational process, which embraces more and more branches of the ‘national economy’ through the creation of combined enterprises and through the organizational role of the banks, has led to the conversion of each developed ‘national system’ of capitalism into a ‘state-capitalist trust.’”*³³

Lenin considered the role of the capitalist state in the imperialist economy so important that he introduced the term *“state monopoly capitalism”* as the appropriate expression.

*„The question of the state is now acquiring particular importance both in theory and in practical politics. The imperialist war has immensely accelerated and intensified the process of transformation of monopoly capitalism into state-monopoly capitalism.”*³⁴

*“That capitalism in Russia has also become monopoly capitalism is sufficiently attested by the examples of the Prodigol, the Prodamet, the Sugar Syndicate, etc. This Sugar Syndicate is an object-lesson in the way monopoly capitalism develops into state-monopoly capitalism. And what is the state? It is an organization of the ruling class...”*³⁵

These are not only historically relevant references. The imperialist state played a major role in the post-war economies in Western Europe and Japan in order to advance and regulate the accumulation of capital. This ongoing and decisive role was laid bare when the imperialist states nationalized various banks during the 2008/09 recession or avoided (or, better put, postponed) new slumps by issuing billions in new currency by the central banks (*“Quantitative Easing”*). It is therefore absurd to see the important role of the state in Russia’s and China’s economy as some kind of non-capitalist sector. In fact, it is nothing but an imperialist state strengthening and regulating the domestic monopolies.

In all these cases, state enterprises act as capitalists, i.e. they undertake investments in order to make profits. And, as we have shown in our studies on China and Russia, these state-capitalist monopolies are pretty successful in achieving this goal. They have sacked a huge proportion of the workers from the state enterprises and raised the rate of exploitation substantially. As a result, Russia’s Gazprom Corporation, for example, in which the Russian state has a majority stake, topped the list of the most profitable corporations in the world according to the *Fortune 500* in 2012.³⁶ The same thing occurs in China: More than two-thirds of Chinese companies amongst the *Global Fortune 500* are state-owned enterprises.

In fact, counter-posing state enterprises in a capitalist economy and financial capital, as is done by many reformist Keynesianists, is a reflection of the neoliberal notion that the state can not act as a capitalist. Marxists have to renounce such reformist nonsense. They must orientate to Lenin’s and Bukharin’s conception of state capitalism, namely state monopoly capitalism.

Disparity between the Imperialist Powers

It is a constant theme amongst the pro-Russian leftists to prove Russia’s and China’s character as non-imperialist states by comparing them to the US and Britain. Thus, they compare Russia’s or China’s stock market with those of New York and London, and conclude that the Eastern great powers are not imperialists.

This is a completely non-Marxist method, inasmuch as they ignore that the law of uneven development also applies to imperialist states. Marx himself already stated that this disparity is an essential feature of capitalism itself:

*“Since, however, capitalist production can allow itself free rein only in certain spheres, under certain conditions, there could be no capitalist production at all if it had to develop simultaneously and evenly in all spheres.”*³⁷

Lenin strongly supported this:

“Uneven economic and political development is an absolute law of capitalism.” He added as concrete example: *““Following 1871, the rate of Germany’s accession of strength was three or four times as rapid as that of Britain and France, and of Japan about ten times as rapid as Russia’s.”*³⁸

Lenin even emphasized that this tendency is strengthened in the final epoch of capitalism, i.e., during the period of imperialism:

*„Kautsky’s utterly meaningless talk about ultraimperialism encourages, among other things, that profoundly mistaken idea which only brings grist to the mill of the apologists of imperialism, i.e., that the rule of finance capital lessens the unevenness and contradictions inherent in the world economy, whereas in reality it increases them.”*³⁹

Based on such a theoretical framework, it is not surprising to see that the US and Britain – setting aside the differences which exist between the two – are each only one specific type of imperialist state. To be more precise, they are the most advanced, i.e., the oldest, most decadent, declining, and parasitic type of imperialist powers. This is the reason that the amount of capitalist value produced domestically in each of these countries has so significantly declined, and hence their financial capital sector plays such a disproportionately strong role in their respective economies.

Naturally, these two countries also represent the most advanced type of capitalist economy insofar as they reflect the historic tendency of capitalism to replace living labor with dead labor, workers with machinery, productive, i.e. value-creating labor, with unproductive, i.e. non-value-creating labor.

However, this tendency is not so far advanced in other imperialist countries. In Germany and Japan, for example, industry still plays a substantial larger role in the economy. (See Table 1). Why is this so? The main reason is that Britain was historically the first and, hence, most mature capitalist country; it is therefore here that the parasitic tendencies of imperialism are most manifest. While the US became a great power later than Britain, it still has more than a century of unhindered development of capitalism and its parasitic tendencies behind it. Even more importantly, the United States faced none of the devastating levels of destruction as a result of both World Wars, while Britain left World War II with much less devastated than Germany and Japan. On the other hand, because Germany and Japan had much more accumulated capital destroyed during WWII, they had to recommence the process of capital accumulation from much lower levels than before.

Russia and China – until the early 1990s, both former Stalinist degenerated workers’ states– are new capitalist powers in which the law of value was only introduced in the early 1990s. Hence, their process of capital accumulation lags far behind that of their rivals, who have had more than a century of unhindered capitalist accumulation in their favor.

Table 6 World's Five Largest Military Spenders, 2011 (in \$US billions) ⁵⁰

<i>Country</i>	<i>\$US billions spent</i>
1. US	711
2. China	143
3. Russia	71.9
4. UK	62.7
5. France	62.5

Table 7 Ten largest Exporter of Major Arms, 2010 (share of global Market) ⁵¹

<i>Country</i>	<i>Global Share (in %)</i>
1. US	30%
2. Russia	24%
3. Germany	9%
4. France	8%
5. UK	4%
6. China	4%

Table 8 Population and Gross Domestic Product in 1913 ⁵⁵

	<i>Population (in Million)</i>	<i>\$ Billions</i>	<i>Per Capita in \$</i>
United States	97.6	517.4	5,301
United Kingdom	45.6	224.6	4,921
Spain	20.3	45.7	2,255
Russia	156.2	232.3	1,488
Japan	51.7	71.6	1,387
China	437.1	241.3	552

Table 9 Industrial Production in the World, 1880-1913/14 ⁵⁶

	<i>(Share of Countries)</i>		
	<i>1880</i>	<i>1900</i>	<i>1913/14</i>
Great Britain	28%	18%	14%
United States	28%	31%	36%
Germany	13%	16%	16%
France	9%	7%	6%
Russia	3%	6%	6%
Japan	-	-	1%
Belgium	-	-	2%
Canada	-	-	2%
India	-	-	1%

Table 10 World Industrial Production, Share of Imperialist Countries in Capitalist World, 1913-1938 (in %) ⁵⁷

<i>Country</i>	<i>1913</i>	<i>1926-29</i>	<i>1936-38</i>
United States	37.9%	44.1%	39.5%
Germany	16.6%	12.1%	13.1%
England	14.8%	9.8%	11.3%
France	6.8%	6.9%	5.5%
Italy	2.9%	3.4%	3.3%
Japan	1.2%	2.6%	4.3%

The other side of the coin is, of course, the differing sizes of the financial sector in each of these countries. In Table 2 we see that the US and Britain, which have the smallest share of productive industry among the great powers have, at the same time, the largest financial sectors. At the same time we see that not only do Russia and China have smaller stock markets (relative to their domestic output) than the US and Britain, but so do Germany and Japan.

To summarize, there is not a *single* model of an imperialist state, but rather various types. While such distinctions are important to bear in mind, they do not alter the basic fact that all these states share the fundamental characteristics of imperialism.

Can Only the Richest Countries be Imperialist?

However, the pro-Eastern social-chauvinists refuse to recognize the disparity between imperialist powers. They maintain that only the richest countries which have strong banking capital can be considered as imperialist. This is what Sam Williams writes:

*"The countries that are richest in finance capital—not necessarily richest in industrial capital—are the imperialist countries that economically exploit all other capitalist countries in the world."*⁴²

*"It is quite possible for a country to be poor in finance capital even if it is relatively rich in industrial capital. For example, a large number of factories, mines, and large-scale capitalist farms might be located in such a country, making it rich in industrial capital. Britain is the classic example of a country that in the age of free competition was rich in industrial capital—it was the workshop of the world—while today Britain is not so rich in industrial capital but very rich in finance capital. The U.S. has evolved in the same direction. While a century ago the U.S. was very rich in industrial capital, today de-industrialization has vastly reduced the relative wealth of the U.S. in industrial capital. However, the U.S. remains very much number one in finance capital."*⁴³

*"If we use the criterion of an independently powerful military machine, there is really only one imperialist power, or "czar," in today's world, the United States of America. If we use the criterion of countries that are rich in finance capital—that is, share in the exploitation of the countries of the world, despite their being military and political satellites of the U.S., we do not find Russia or for that matter China among them. Nor do we find Russia or China in the second category. In terms of finance capital, Russia belongs definitely to countries that are in the lower half of the countries that are definitely not imperialist. Today's Russia is very far indeed from becoming an imperialist country, and if anything is in danger of falling into the fourth tier where Ukraine already is."*⁴⁴

To prove his point Sam Williams refers to the Credit Suisse *Global Wealth Report 2012 Databook* which lists the wealth of numerous countries. Williams uses the banks' own categorization of dividing the countries by their "wealth per adult" (over \$100,000, from \$25,000 to \$100,000, from \$5,000 to \$25,000, and below \$5,000). He concludes that those countries with a wealth per adult of over \$100,000 can be characterized as imperialist, while the others – among them China and Russia – are not.

However, this is merely an example of the eclecticism of the pro-Eastern social-imperialists. While, certainly, the monetary wealth per adult is an indication of a capitalist

country's position in the imperialist world order, if Marxists allow themselves to be guided by such a criterion it will lead them into utter confusion.

On one hand, we see among the countries with a wealth per adult of over \$100,000 not only the imperialist states in North America, Western Europe, Israel, and Japan, but also a considerable number of countries which clearly are not imperialist in character: Ireland, Iceland, Greece, Cyprus, New Zealand, Taiwan, Singapore, Kuwait, United Arab Emirates, and Qatar.⁴⁵

On the other hand, China and Russia, which are obviously important powers in world politics and the global economy, are not ranked among these richest states. Nevertheless, they are increasingly becoming important economic and military powers as the following tables demonstrate. Table 3 shows the population, size of economy, and level of productivity of several imperialist powers.

The next two tables demonstrate that China and Russia are increasingly becoming major foreign investors. Taking into account that they have only relatively recently become imperialist powers, China's and Russia's accumulated stock of capital export still lags behind that of more senior imperialist powers. Nevertheless, their respective share of foreign investment in global cumulative stock holdings (2.3% for China; 1.9% for Russia) is already close to that of other G7 powers like Italy or Canada (see Table 4).

China and Russia's race to catch up with the more senior major imperialist powers is even more vivid if we compare the development of capital export during the last few years. Here we can see that, by 2013, China and Russia have already overtaken all European great powers (see Table 5 as well as Table 26)

The German Marxist economist Richard Sorge (who would later become a famous and successful Soviet spy in Japan) pointed out in a book on German imperialism written in 1927 that one has to differentiate between "the imperialist character and the imperialist position of power." His comment is extremely useful in understanding the character of emerging imperialist powers such as Germany in the 1920s and 1930s, while it was regaining its imperialist position lost after its defeat in WWI:

*"We have to understand that its (Germany's, M.P.) position of power is still weak. Germany, despite its obvious imperialist character, is only at the beginning of regaining its imperialist position of power. One has to differentiate sharply between the imperialist character and the imperialist position of power."*⁴⁹

Let us now examine the military strength of the great powers. (See Tables 6 and 7), noting at the same time that Russia is the world's second largest nuclear power and China the fifth.

From the above figures we see that China and Russia have emerged as great imperialist powers. Naturally they are – as former Stalinist degenerated workers' states – less developed capitalistically than the old imperialist powers, since they have had much less time to accumulate capital. It is important to recognize the massive catching-up process by Russia and China also on the military level. The *International Institute for Strategic Studies* notes in its actual issue of "The Military Balance", that Russia's and China's arms expenditures have grown massively in the past years in opposite to the declining Western powers:

"These defence cuts accentuate the pace of global change, and there are sharp contrasts between the defence investment pro-

Table 11 Relative GDP per capita (column A) and relative levels of industrialization (column B) in 1913 ⁵⁸

Country	A	B	Country	A	B	Country	A	B
Britain	100	100	Sweden	71	58	Hungary	41	—
Belgium	83	77	Norway	68	26	Greece	38	9
France	81	51	Austria	62	29	Portugal	35	12
Switzerland	81	75	Ireland	60	—	Bulgaria	32	9
Denmark	80	29	Italy	52	23	Russia	29	17
Germany	77	74	Spain	48	19			
Netherlands	75	23	Finland	46	18			

Table 12 Average Output per Worker in Coal Industry and Metallurgy in several Industrial Countries in early 20th Century ⁶⁰

	<i>Coal Industry</i> <i>Tons per Worker (1911)</i>	<i>Metallurgy</i> <i>Tons per Worker (1913)</i>
Russia	153	205
France	203	239
Great Britain	264	356
Germany	287	404
USA	759	811

Table 13 Total Industrial Potential of the Powers in Relative Perspective, 1880-1938 ⁶¹

<i>Countries</i>	<i>(U.K. in 1900 = 100)</i>				
	<i>1880</i>	<i>1900</i>	<i>1913</i>	<i>1928</i>	<i>1938</i>
Britain	73.3	[100]	127.2	135	181
United States	46.9	127.8	298.1	533	528
Germany	27.4	71.2	137.7	158	214
France	25.1	36.8	57.3	82	74
Russia	24.5	47.5	76.6	72	152
Austria-Hungary	14	25.6	40.7	--	--
Italy	8.1	13.6	22.5	37	46
Japan	7.6	13	25.1	45	88

Table 14 Japan's Industrial Production as a Share of the Industrial Production of other imperialist states, (in %) ⁶²

<i>Country in Comparison</i>	<i>in 1913</i>	<i>Before World War II</i>
England	7.8%	45.6%
France	17.2%	102.5%
Italy	40.7%	142.6%

Table 15 Colonial Possessions of the Great Powers, 1914 ⁶³
(Millions of square kilometers and millions of inhabitants)

	<i>Colonies</i>		<i>Metropolitan Countries</i>		<i>Total</i>	
	<i>Area</i>	<i>Population</i>	<i>Area</i>	<i>Population</i>	<i>Area</i>	<i>Population</i>
Great Britain	33.5	393.5	0.3	46.5	33.8	440.0
Russia	17.4	33.2	5.4	136.2	22.8	169.4
France	10.6	55.5	0.5	39.6	11.1	95.1
Germany	2.9	12.3	0.5	64.9	3.4	77.2
United States	0.3	9.7	9.4	97.0	9.7	106.7
Japan	0.3	19.2	0.4	53.0	0.7	72.2

pects for different regions of the world. Whereas defence spending in North America and Europe has stagnated or declined since the 2008 financial crisis, over the same period real defence outlays in China and Russia rose by more than 40% and 30% respectively.”⁵²

The pro-Eastern social-imperialists characteristically conclude from this disparity between the great powers that Russia and China cannot be imperialist states. But in fact, such a disparity is not unusual in our historical epoch.

As an aside we note that the method of our pro-Eastern critics bears striking similarities with the Japanese ex-Marxist, Takahashi Kamekichi who, in the 1920s, developed his theory of Japan as a “petty imperialism”. Takahashi noted that, given Japan’s backwardness in the areas of financial capital and capital export, Japanese capitalism “had not yet attained the stage of imperialism,” to use Lenin’s terms. From this he concluded that Japanese socialists should not see the main enemy as being the domestic bourgeoisie, but rather the Western powers.

“If you look at Japanese capitalism internationally, [he argued,] it may indeed be imperialistic. However, at the most, it is an imperialistic country as the petit bourgeois is to the grand bourgeois. If we take the term petit bourgeois and establish the category of petty imperialism, Japan is but a petty imperialist country. Thus, just as the interests of the petty bourgeoisie coincide with those of the proletariat and are not one with the interests of the grande bourgeoisie, the interests of petty imperialist countries coincide more with those of countries subject to imperialism than with those of large imperialist countries.”

Takahashi went on to assert that there was considerable evidence that Japan too “is in the position of a country subject to imperialism. (...) Consequently, [Japan’s] international class role, rather than coinciding with that of imperialist countries like Britain and the United States, coincides far more with that of China, India, and other countries subject to imperialism.”⁵³

In short, Takahashi provided a social-imperialist theory which justified the expansionist aspirations of the Japanese ruling class and Japanese communists justifiably attacked him for this bankrupt theory. Unfortunately, a number of modern successors have picked up Takahashi’s theory in order to justify Russian and Chinese imperialism and, among other things, propagate an alliance of oppressed peoples with the great Eastern powers.

The Disparity between the Great Powers in Lenin’s Time, before 1917

The uneven development of imperialist powers is not a new phenomenon. In fact, this has been a feature throughout most of the imperialist epoch. During Lenin’s and Trotsky’s lifetimes, Marxists were faced with a similar disparity. But, in contrast to our critics, Lenin and Trotsky recognized this. For example, Lenin pointed out that new imperialist powers can actually emerge among backward countries:

*“Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan).”*⁵⁴

Therefore, it is only logical that Lenin and Trotsky characterized both the highly developed as well as the more backward great powers as imperialist. As we demonstrated above, Lenin recognized that such disparity between the great powers is characteristic in the epoch of capitalist de-

cline. But the method of the pro-Eastern social-imperialists completely contradicts Lenin’s analysis of the imperialist powers at his time. To expand upon this point, let us now give a brief overview of the imperialist powers and the differences in their respective development before 1914.

The following tables illustrate the tremendous disparity between the imperialist powers both in terms of economic strength as well as in capital export. They in fact show that the disparity which we see today between the US, Japan, and EU imperialist powers on one hand, and China and Russia on the other hand are by no means a new or exceptional phenomenon in the imperialist epoch.

Table 8 details the differences between the great powers in terms of population, gross domestic product, as well as income per capita as a measure of the countries level of productivity. As we can see, on the eve of WWI, the US economy was about seven times as large as Japan’s, while the US’s income per capita was about four times as large as Russia’s and Japan’s.

In Table 9, we similarly see tremendous differences between the imperialist powers in terms of industrial production – the core of capitalist value production. In 1913/14 the US share of world industrial production was six times as large as that of France or Russia, and thirty-six times greater than Japan’s. This table also demonstrates that US industrial production was as large as the cumulative share of the next three powers – Germany, Britain, and France – in 1913/14.

In Table 10, we can see that 25 years later, the US share of industrial production among the capitalist nations was already larger than the cumulative share of the next five imperialist powers – Germany, Britain, France, Italy, and Japan. This shows, once again, that the argument of the pro-Eastern social-imperialists, who based on its size relative to other powers, claim that the world of today is absolutely dominated by the US superpower, contradicts the reality of imperialism in Lenin’s time.

The huge differences between the imperialist powers in terms of level of capitalist development are also clearly demonstrated in Table 11 which gives the figures of GDP per capita and relative levels of industrialization for nineteen countries on the eve of WWI. Similar to what we see today, in 1913 there were huge differences in productivity between the Western imperialist powers and their Eastern rivals. Britain’s industrial production per capita (serving as the base of comparison with a value of 100) was, for example, more than three times as large as Austria’s, four times bigger than Italy’s, and six times the size of Russia’s.

Looking at Russia’s backwardness, economic historian François Crouzet comments:

*“By 1914, Russia had become a major industrial power—the third or fourth in Europe. But it was not an industrial nation; the level of industrialization was very low. Industry was concentrated in a few regions and cities (especially St. Petersburg and Moscow), its productivity was low, and it was not internationally competitive. It included giant firms but also a multitude of small, kустar enterprises, which served a large share of consumers’ demand. Moreover, a large majority (three-quarters) of the labor force remained in agriculture.”*⁵⁹

Table 12 shows that, in the early 20th century, the gap between the Western imperialist powers and Russia in the areas of coal mining and metallurgy industry. At that time,

Table 16 **Export of Industrial Commodities, 1881-1913** ⁶⁴

	<i>Annual Figures in Million US-Dollars (1913 Dollars)</i>			<i>Growth from 1881-85 till 1913</i>	
	<i>1881-85</i>	<i>1896-1900</i>	<i>1913</i>	<i>1881-85</i>	<i>1913</i>
	<i>United States</i>	121	248	721	100
<i>Germany</i>	521	692	1615	100	310
<i>Britain & Ireland</i>	1113	1124	2029	100	182
<i>France</i>	425	478	875	100	206

Table 17 **World Trade 1880-1913** ⁶⁵

	<i>(Share of Great Powers)</i>		
	<i>1880</i>	<i>1900</i>	<i>1913</i>
<i>Great Britain</i>	20	19	15
<i>United States</i>	11	12	11
<i>Germany</i>	11	13	13
<i>France</i>	11	9	8
<i>Russia</i>	-	3	4

Table 18 **Total Overseas Investment: Main International Lenders, 1913** ⁶⁶

<i>Country</i>	<i>Percentage of total</i>
<i>Britain</i>	41
<i>France</i>	20
<i>Germany</i>	13
<i>United States</i>	8
<i>Others</i>	18

Table 19 **Overseas Investments of the Main Lending Countries, 1870-1914** ⁶⁷

	<i>(\$ million)</i>			<i>(Share of Total Overseas Investments)</i>
	<i>c. 1870</i>	<i>c. 1900</i>	<i>c. 1914</i>	<i>% c. 1914</i>
<i>United Kingdom</i>	4,900	12,000	20,000	44.0%
<i>France</i>	2,500	5,800	9,050	19.9%
<i>Germany</i>	-	4,800	5,800	12.8%
<i>United States</i>	100	500	3,500	7.8%
<i>Netherlands, Belgium, Switzerland</i>			5,500	12.1%
<i>Others</i>			1,600	3.5%
<i>Total</i>			45,450	100.1%

Table 20 **Investment Abroad by Western Great Powers in 1913, 1929 and 1938** ⁶⁸

	<i>In Billions of German Marks</i>			
	<i>United Kingdom</i>	<i>France</i>	<i>Germany</i>	<i>United States</i>
1913	75	36	35	13
1929	75	22	5	114
1938	71	-	10	102

US productivity was four to five times larger than Russia's.

Table 13 demonstrates the extraordinary disparity between the imperialist powers from another perspective: industrial growth in the period between 1900 and 1938. While Britain's production grew by only 81%, France's doubled, while Germany's and Italy's grew three times, that of the US by more than four times, and Japan's by nearly seven times.

Russia, before 1917, and Japan, throughout the entire period before World War II, underwent development similar to that of Russia and China today. They started from a level of backwardness – in terms of capitalist development – but rapidly grew both economically and militarily. Still, they lagged far behind the most developed imperialist powers like the US and Britain. In Table 14 we see how much imperialist Japan, between 1913 and 1938, was able to reduce its gap, relative to other imperialist powers, in terms of industrial production.

Our next Table 15 details the huge differences between the great powers in terms of their colonial possessions. Britain's empire had a ratio of 9:1 between the populations of its colonial and metropolitan inhabitants. Only France also had more colonial than metropolitan inhabitants. All the other imperialist powers had much fewer colonial than metropolitan inhabitants.

We see a similar unevenness between the great powers in their respective development of world trade. Here it is important to note that while, by the late 19th century, the US had already overtaken Britain in terms of industrial production, by 1913 it had a share in world industrial production about twice as large as Britain, yet London remained by far the world's leading trade power. In 1913, Britain exported three times as many industrial commodities as the US (see Tables 16 and 17).

Let us now move on to an analysis of the disparity between the great powers in terms of capital export. As we have shown above in quotes taken from their writings, our critics consider the areas of financial capital and capital export as the most decisive criteria for an imperialist nation. However, here too we don't find uniform performance of the different imperialist powers, but rather tremendous differences between them.

Table 18 and Table 19 show how to what extent Britain was the dominant capitalist power before WWI. While the US had already overtaken the UK in 1914 in terms of industrial production, the latter was still by far the world's leading capital exporter. Nearly half of all foreign investment came from British capitalists. Its foreign investments were about five times greater than those of the US. During these same years, Russia and Japan hardly had any foreign investment at all.

In Table 20, reproduced here from the work of German economic historian Jürgen Kuczynski, we see that this hierarchy changed after World War I. While Britain remained a main capital exporter, by 1938 the US had overtaken it. Another table, this time from the economic historian Angus Maddison, gives slightly different figures and depicts Britain as still being in the lead as a capital exporter in 1938. Nevertheless, the basic dynamics of the changing relations between the imperialist powers is the same. What is also interesting to see in these two tables is the tremendous difference in terms of capital export be-

tween Britain and the US on the one hand and Germany and Japan on the other. Following WWI, Germany had become only a minor imperialist power in terms of foreign investment as a result of the draconian regulations of the Treaty of Versailles. Japan was, as we have already indicated, a backward, emerging imperialist power. Hence, it is not surprisingly that Germany's respective capital export relative to that of the US was only 4.4% (1929) and 9.8% (1938). If we use Maddison's figures, this gap was even much larger in 1938.

Similarly, Japan's foreign investment was only 7.1% of that of the US in 1938 (see Table 21). To conclude, we see the large disparity in capital export between the imperialist powers in the 1930s. However, this huge gap did not cause Marxists to deny the imperialist nature of *all* these powers!

In Table 22, we can examine another indicator of the degree of imperialist development of the different great powers. This table details the ratio of foreign investment by each country listed relative to its domestic output. Unsurprisingly, Britain was the most advanced imperialist nation in the early 20th century. Its foreign capital stock was about 147% of its GDP by 1913. On the other hand, Germany's foreign capital stock was just 47% of its GDP. Yet, the US was lagging far behind both of these countries at the time, with a capital export of only 9% of its GDP. Were Lenin to have used the criteria of today's pro-Eastern social-imperialists, he would never have characterized the United States as an imperialist country!

This disparity becomes even starker when we examine Table 23 which shows that US imperialism actually imported two and a half times more capital than it sent abroad. In other words, the US was not a net capital exporter but rather a net capital importer. The same was true for other imperialist powers. In Table 24 we see that in 1913/14, the US was the largest recipient of foreign investment, followed by Russia. The Austrian-Hungarian Empire was also a major recipient of foreign investment. Once again, we see that according to the criteria of our critics, Lenin should have never characterized these great powers as imperialists.

Finally, we want to reemphasize, as we have already pointed out, that Russia's position as a capital importing nation resulted in the tremendous influence of foreign capitalists in Russian corporations. In Table 25, we see that foreign-held shares in public Russian companies grew from 25% to 43% between 1890 and 1914.

According to the economic historian Vitali A. Meliantsev, Russia became heavily dependent on both foreign investments as well as on foreign debt for its industrial development.

"A.Maddison's estimates are even higher: during the last decade before the First World War the contribution of foreign sources neared a quarter of Gross Investment. In new industries, heavy industry and big banks nearly half of the total capital belonged to foreigners. Nearly 2/3 of new equipment, installed during the last two decades of the tsarist regime in the large and middle-sized industry was imported. Meanwhile Russia rather quickly acquired features of highly indebted country. By 1913 the foreign debt totaled \$ 4 billion and that was equal to 35-37 % of Russian GNP." ⁷⁴

Meliantsev also points out that, in the years before 1913, the gap between Russia and the West in terms of productivity, as well as social indicators, increased rather than

Table 21 **Gross Nominal Value of Capital Invested Abroad in 1938**
(in millions of \$US at current exchange rates) ⁶⁹

	<i>Europe</i>	<i>Western Offshoots</i>	<i>Latin America</i>	<i>Asia</i>	<i>Africa</i>	<i>Total</i>
United Kingdom	1.139	6.562	3.888	3.169	1.848	17.335
France	1.035	582	292	906	1.044	3.859
Germany	274	130	132	140	–	676
Netherlands	1.643	1.016	145	1.998	16	4.818
Other*	1.803	1.143	820	101	646	4.579
United States	2.386	4.454	3.496	997	158	11.491
Japan	53	48	1	1.128	–	1.230
Total	8.331	13.935	8.774	8.439	3.712	43.988

* Other include 19 European countries

Table 22 **Foreign Investment Stock as Proportion of Domestic Output,**
1900 and 1913 (in billions of \$US) ⁷⁰

	<i>1900</i>	<i>% of GDP</i>	<i>1913</i>	<i>% of GDP</i>
United Kingdom	12	120%	20	147%
France	5.8	92%	9.1	93%
Germany	4.8	62%	5.8	47%
Belgium, Netherlands, Swiss			4.3	144%
United States	0.5	3%	3.5	9%

Table 23 **International Asset Position in 1913 (in billions of \$US) ⁷¹**

	<i>Assets</i>	<i>Liabilities</i>	<i>Gross Assets in % of GDP</i>	<i>Net Assets in % of GDP</i>
United Kingdom	19.4	-	147%	153%
France	8.9	-	93%	97%
Germany	5.8	-	47%	36%
Belgium		-		81%
Netherlands	1.2	-	12%	-
Swiss	-	-	-	139%
USA	3.5	7.0	9%	-5%

Table 24 **The Largest Recipients of Foreign Investment 1913/14 ⁷²**

	<i>Billion US-Dollar</i>	<i>% of total Foreign Investment</i>
USA	7.1	15.8%
Russia	3.8	8.4%
Canada	3.7	8.2%
Argentina	3	6.7%
Austria-Hungary	2.5	5.6%
Spain	2.5	5.6%
Brasilia	2.2	4.9%
Mexico	2	4.4%
India and Ceylon	2	4.4%
South Africa	1.7	3.8%
Australia	1.7	3.8%
China	1.6	3.6%

decreased.

*“By 1913, despite a certain success achieved by Russia in its economic modernization, it failed to start catching up with the West. The gap in per capita GDP became three-fourfold. Per capita GDP in Russia did not surpass 18-22 % of the American record. Russian HDI was only 1/3 of the western record. But what is most striking is rapidly increasing absolute gaps in the main indicators of human development. The absolute difference in life expectancy at birth between the West and Russia increased from 7(37-30) years in 1860 to 16 (50-34) years in 1913. And the absolute difference in years of educational attainment rose from 3.5 (4.1-0.6) years to 5.8 (7.3-1.5) years.”*⁷⁵

Once again, this underlines that Lenin and the Bolsheviks did not have a simplistic understanding according to which it is impossible for a country to have an imperialist nature if it has no or only a small amount of capital export, and is furthermore highly dependent on the importing of capital. Rather, they were fully cognizant that this was Russia's situation. Nevertheless, they considered Russia to be an imperialist country because of the *totality* of its feature as a great power.

To summarize, we have seen that, by far, Britain had the greatest imperial sway compared with other imperialist powers before WWI – in fact, disproportionately greater than its advantage in terms of industrial production or capital export. The United States, which at that time was already the leading industrial producer, had hardly any colonies. Germany, another leading economic power, had fewer colonies than either Belgium or the Netherlands. Russia, Austria-Hungary and Japan were backward, emerging imperialist powers, lagging much behind their rivals in terms of productivity or capital export.

In their famous pamphlet *Socialism and War*, Lenin and Zinoviev explained that there are without doubt differences in power, political regime, etc. between the different imperialist powers. During the imperialist epoch, it is typical to see stronger and weaker, more advanced and more backward imperialist powers. However, these disparities did not lead the two leaders of the Bolshevik party to abandon their conclusion that *all* of these great powers were imperialist.

„From the standpoint of bourgeois justice and national freedom (or the right of nations to existence), Germany might be considered absolutely in the right as against Britain and France, for she has been “done out” of colonies, her enemies are oppressing an immeasurably far larger number of nations than she is, and the Slavs that are being oppressed by her ally, Austria, undoubtedly enjoy far more freedom than those of tsarist Russia, that veritable “prison of nations”. Germany, however, is fighting, not for the liberation of nations, but for their oppression. It is not the business of socialists to help the younger and stronger robber (Germany) to plunder the older and overgorged robbers. Socialists must take advantage of the struggle between the robbers to overthrow all of them. To be able to do this, socialists must first of all tell the people the truth, namely, that this war is, in three respects, a war between slave-holders with the aim of consolidating slavery. This is a war, firstly, to increase the enslavement of the colonies by means of a “more equitable” distribution and subsequent more concerted exploitation of them; secondly, to increase the oppression of other nations within the “Great” Powers, since both Austria and Russia (Russia in greater degree and with results far worse than Austria) maintain their rule only by such oppression, intensifying it by means of war; and thirdly, to

*increase and prolong wage slavery, since the proletariat is split up and suppressed, while the capitalists are the gainers, making fortunes out of the war, fanning national prejudices and intensifying reaction, which has raised its head in all countries, even in the freest and most republican.”*⁷⁶

The Marxist economist Richard Sorge has similarly stressed in his study of German imperialism the disparity between the great powers and the fact that there were a number of imperialist states which did not fulfill all the classic requirements for an imperialist state.

“From the preceding explanation we can draw the conclusion that the preconditions for imperialist policy and an imperialist state, as required by Lenin, exist in the case of German capitalism. Some preconditions even exist to a degree which was not the case neither in Germany nor in other countries before the war. Concerning the monopolistic character of German capital we can state that monopolization in Germany is by far higher than in Britain or France. Only US-American capital seems to have a higher degree of monopolization. On the other hand we have to recognize that the two other requirements, Germany's capital export and closely related with this its participation in the division of the world, hardly exist or don't exist at all.

The fulfilment of all requirements would constitute the economic basis for imperialism in its classic form. But already before the war, such a classic form rarely existed. For example French imperialism did not have a highly developed monopolistic concentration and Russian imperialism did not know capital export or only little compared with the huge capital import combined with modestly developed high capitalism. What is decisive is for the transition to imperialist capitalism is the transition to monopoly:

‘Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly.’ (Lenin)

*On the other hand we have to recognize certain tendencies to overcome these weaknesses in the imperialist fundament. Such tendencies exist in the case of Germany”*⁷⁷

In brief, we can conclude that our historical comparison demonstrates that the disparity between the imperialist powers was not less in 1914 than it is today. For the sake of consistency, the social-imperialists' rejection of our analysis of China and Russia as new, emerging imperialist powers should force them to similarly mock Lenin's analysis of the imperialist powers in 1916.

Are the US and British Models of Imperialism Pure Robbery?

Rejecting such disparity between the imperialist powers, the pro-Eastern social-chauvinists consider the US and Britain as models for all imperialist powers. They go even further and claim that Britain and the US's rentier capitalism represents the new model of imperialism. This position is expressed clearly in the following quotes from Michael Burke's essay:

*“Instead, imperialism and the dominant imperialist power has entered a new phase, where it sucks in capital from the rest of the world. It does so without in advance being either a net exporter of goods or of capital.”*⁷⁸

“Like Britain before it, the US has become a ‘rentier nation’, whose main overseas income is derived from the exaction of interest and other payments rather than net trade. But this has entered a new phase, where the tribute of interest income continues to flow even though there are no assets on which it is based.

Table 25 Foreign-Held Capital in Russian Joint-Stock Companies, 1890-1914 ⁷³

	<i>Share of capital held by foreigners (%)</i>
1890	25
1900	37
1910	38
1914	43

Table 26 Foreign Direct Investment Inflows and Outflows of Great Imperialist Powers, 2007-2013 (Millions of \$US) ⁸⁴

<i>Country</i>		2007	2009	2011	2013
USA	<i>Inflows</i>	215,952	143,604	226,937	187,528
	<i>Outflows</i>	393,518	266,955	396,656	338,302
Japan	<i>Inflows</i>	22,550	11,939	-1,755	2,304
	<i>Outflows</i>	73,548	74,699	107,601	135,749
Britain	<i>Inflows</i>	200,039	76,301	51,137	37,101
	<i>Outflows</i>	325,426	39,287	106,673	19,440
Germany	<i>Inflows</i>	80,208	22,460	48,937	26,721
	<i>Outflows</i>	170,617	69,643	52,168	57,550
France	<i>Inflows</i>	96,221	24,219	38,547	4875
	<i>Outflows</i>	164,310	107,130	59,553	- 2,555
China	<i>Inflows</i>	83,521	95,000	123,985	123,911
	<i>Outflows</i>	26,510	56,530	74,654	101,000
Russia	<i>Inflows</i>	56,996	36,583	55,084	79,262
	<i>Outflows</i>	45,879	43,281	66,851	94,907

Table 27 Foreign Direct Investment Stock of Great Imperialist Powers, 1990, 2000, 2013 (Millions of \$US) ⁸⁵

<i>Country</i>	<i>FDI inward stock</i>			<i>FDI outward stock</i>		
	1990	2000	2013	1990	2000	2013
USA	539,601	2,783,235	4,935,167	731,762	2,694,014	6,349,512
Japan	9,850	50,322	170,929	201,441	278,442	992,901
Britain	203,905	63,134	1,605,522	229,307	923,367	1,884,819
Germany	111,231	271,613	851,512	151,581	541,866	1,710,298
France	97,814	390,953	1,081,497	112,441	925,925	1,637,143
China	20,691	193,348	956,793	4,455	27,768	613,585
Russia	-	32,204	575,658	-	20,141	501,202

Table 28 Net International Investment Position of various Countries, 2012 (US\$ billions and as Share of GDP) ⁸⁶

<i>Country</i>	<i>US\$ billions</i>	<i>As Share of the Country's GDP</i>
USA	-3,863	-23.8%
Japan	+3,424	+62.5%
Britain	-377	-15.3%
Germany	+1,461	+41.5%
France	-311	-11.6%
China	+1,866	+22.2%
Russia	+133	+6.4%

*Without any net overseas assets, this is only possible because of its status as imperial power. Imperialism is a global system of super-exploitation, directed by control over finance capital and supported by military dominance. The sole imperial super-power is the US, supported by its allies.”*⁷⁹

*“When Britain fell into a current account deficit in the 1930s it was obliged to become a net importer of capital to off-set it. As noted above, Lenin had identified the export of capital as one of the key features of imperialism at the beginning of the twentieth century. Only the most hide-bound or scholastic reading of Lenin would then argue that in the 1930s Britain passed from being an imperialist nation to an oppressed one. Instead, the parasitism and decay of British imperialism has led it into a new and more decrepit, leech-like phase. Where Britain has trod the United States has followed.”*⁸⁰

*“As Lenin and a host of commentators had shown, in an earlier phase imperialism had been an exporter of capital. By the early 1970s the US (and Britain, long before) had become importers of capital.”*⁸¹

*“As the dominant force in the global financial system, the US directs resources for its own needs. It charges vastly higher rates of interest when it recycles capital overseas than it is willing to pay. This explains how it is possible for the US to draw in interest income when it owns no net assets. At the same time, the US and its junior partners in France and the UK have not grown as rapidly as the world economy over a prolonged period, and yet they are continually able to draw in capital from the rest of the world. This too is only possible because of the US dominance over the global financial system, with Britain and France playing an important subordinate role.”*⁸²

*“Simultaneously, the decayed and parasitical ‘rentier nation’ that Britain had already become over a century ago is now the norm for the imperialist countries as a whole and for its dominant country, the United States.”*⁸³

Here we see a one-dimensional and incorrect interpretation of the developments of some imperialist powers. It is of course widely known that US and British imperialism have become hugely indebted and can only sustain their economy by regularly drawing in much more capital than they are exporting. It is also correct, as Burke notes, that this is only possible because of the dominant position of these countries as leading imperialist powers. When referring to Britain’s development in the 1930s, Burke correctly remarks that it would have been absurd to conclude that the country “(had) passed from being an imperialist nation to an oppressed one.”

However Burke is absolutely wrong to conclude from this development that the nature of imperialism itself has changed, and that the system has entered a new phase which is characterized not by the imperialist powers’ export of capital but rather by their *import* of foreign capital. Burke correctly refers to Britain in the 1930s which was in a similar situation. However, what Burke fails to recognize is that this was not an expression of a changed nature of imperialism, but rather a symptom of Britain’s decline as the hegemonic imperialist power, which it had been during the previous decades. Similarly, the US’s position as a massive net importer of investments is a reflection of its historic decline. To be more precise, it is a dialectical expression, at one and the same time, of its decline but also of the relative hegemonic position it currently retains. It is only because of its long history as the absolute dominating power among the imperialist nations, which has resulted

in an enormous accumulation of capital as well as of military power, that the US can afford to run a permanent current account deficit.

It is, however, absolutely erroneous to conclude that this model has become a general feature of imperialist power. First, if we examine the development of foreign direct investment (which does not include debts and loans), we see that the imperialist powers usually export more capital abroad than they import. Russia and China, which are emerging imperialist powers, naturally lag behind the old Western powers in this realm, but are quickly closing the gap (see Tables 26 and 27).

However, as Burke rightly points out, if we add loans and debts to foreign direct investment, we see that the net international investment position of the US, but also of Britain and France, has substantially deteriorated. In the case of the US, their negative net international investment position is already the equivalent of nearly one quarter of their annual GDP! In contrast, the second and third largest Western imperialist powers, Japan and Germany, have huge positive net international investments, being more than 62% and 41% higher than their respective GDPs. In the case of the emerging imperialist powers, China and Russia, they too have positive net international investments, more than 22% and 6% higher than their respective GDPs (see Table 28).

Hence, we see that Burke’s assumption that imperialism has become a system of capital import instead of capital export is an incorrect generalization. Capital export remains an important feature of imperialism.

However, theoretically, Burke’s thesis is also highly problematic. Both he and his intellectual partisans explain the fact that China and other countries finance the US current account deficit as a kind of tribute which the US Empire extracts from these states. For example, the LCFI wrote in a polemic against us:

*“For instance China and Japan are by far the two largest holders of US government stocks and bonds, which they are obliged to buy to offload their dollar surpluses and keep open the US consumer market, by far the largest in the world. But these stocks and bonds only pay between 1% to 2% interest whereas the FDI of the US in Russia and China yields over 20% interest.”*⁸⁷

However, investment in US treasury bonds (T-bonds) is capitalist financial investment for profit, no different from many other forms. Why else do US and foreign private investors, hedge funds, etc. own a significant share of US T-bonds (in 2005 they owned 48.6% of the US’s total debt)?! Furthermore, do our critics want to suggest that Japan, the second-largest foreign holder of T-bonds, has become a semi-colonial tribute-paying nation? And how do they explain that Britain was the largest foreign investor in T-bonds until 2007, and still is an important holder of US bonds?⁸⁸

It is simply incorrect to characterize China’s preponderance of ownership of US T-bonds as an expression of its subordination to US imperialism. It is rather a reflection of its growth as an imperialist capital exporting power – just as it was a reflection of Britain’s and Japan’s economic power when they were previously leading foreign owners of US debt. Leaving aside that such investments are a secure way of making financial profits, it is also a way for China to keep the US-Dollar relative strong in relation to the Yuan and thus help China’s exports on the world

market.

In addition, we should note that even if our critic's suggestion were true, that this ownership of US debt is the equivalent of other countries paying tribute to the US Empire, this alone would not be sufficient to disprove the imperialist character of the loaning countries. Richard Sorge already pointed out that, in 1927, such unequal relations between the strongest and weaker imperialist power often occurs, but in no way negates the imperialist character of them all:

*"Even its tributariness of German's capital to foreign powers is not an argument against its imperialist character. (...) If the tributariness would an argument against its imperialist character, France would have lost its imperialist character too since it has to pay similar tributes to England and the USA. And England is also tributary to US capital."*⁸⁹

The undialectical, schematic method of the pro-Eastern social-imperialists is also manifest in their inability to recognize the *development* of the imperialist powers. In his afterword to the second German edition of *Capital*, Marx emphasized that a chief characteristic of the materialist dialectic is that *"it regards every historically developed social form as in fluid movement, and therefore takes into account its transient nature not less than its momentary existence."*⁹⁰

However, by focusing solely on financial capital, our critics only fail to recognize the development of capitalist value production. The assessment of the great powers' productive forces, i.e., their capacity to produce and control surplus value, should be the starting point for measuring the strength of an imperialist country – irrespective of its monopoly capitalists. This is not to deny the importance of capital export. But capital export reflect the *past accumulation process of capital and not necessarily its actual economic*

power and its current and future direction of development. In order to get a well-rounded picture, one must analyze not only the past but also the present developments of a country's economy. Doing so makes it easier to assess its potential future dynamic.

Recall that Britain was, in 1914, by far the leading capital exporter. Following the method of the pro-Eastern social-imperialists, Britain should have been the world's single super-power at that time. However, in fact, it had already been overtaken by the United States in terms of industrial production, etc., and only four years later, the US had become a much larger imperialist power than Britain. This example illustrates that the method of our critics severely disables socialists from understanding the dynamics of inter-imperialist rivalry and the changes in the relation of forces.

Table 29 demonstrates the dynamic of the changes in the relation of forces between the great powers in the period between 1880 and 1938. The most important changes were the decline of Britain – which nonetheless remained an important imperialist power – and the rise of US dominance.

Let us now recapitulate the results of Maddison's calculations about the capital invested abroad in 1938 by the great powers (see Table 30).

If we compare these two tables, we see that in 1938, i.e. a year before the outbreak of World War II, Britain had only one third of the production capacity of the US, and was even slightly weaker than Germany. On the other hand, by far it was still the leading capital exporter. On the other hand, compared with Britain (and also the US), Germany's and Japan's capital exports were miniscule.

If one were to have applied the schematic method of the

Table 29 Relative Shares of World Manufacturing Output 1880-1938 (in %) ⁹¹

	1880	1900	1913	1928	1938
Britain	22.9%	18.5%	13.6%	9.9%	10.7%
United States	14.7%	23.6%	32.0%	39.3%	31.4%
Germany	8.5%	13.2%	14.8%	11.6%	12.7%
France	7.8%	6.8%	6.1%	6.0%	4.4%
Russia	7.6%	8.8%	8.2%	5.3%	9.0%
Austria-Hungary	4.4%	4.7%	4.4%	-	-
Italy	2.5%	2.5%	2.4%	2.7%	2.8%

Table 30 Gross Nominal Value of Capital Invested Abroad in 1938 (millions of \$US at current exchange rates) ⁹²

United Kingdom	17.335
France	3.859
Germany	676
Netherlands	4.818
United States	11.491
Japan	1.230

pro-Eastern social-imperialists, Germany and Japan could hardly have been considered as imperialist powers before WWII. Regardless, they would only have been considered miniscule powers when compared with Britain and the US. In fact, as every student of history knows, Germany and Japan proved to be very significant imperialist powers during World War II, so much so that it is doubtful whether the US and Britain would have won the war without the support of the Soviet Union and the extensive partisan movements.

Hence, we see that industrial output, i.e., the capacity of a nation to produce capitalist value, is a much more meaningful criterion for assessing the strength of an imperialist power than capital export.

The change in the relations of power between the imperialist states already became evident in the early 20th century with the rise of the US as the largest industrial producer. Its ascension to a position of dominance was reflected much earlier by this development than would have been expressed by its becoming a great exporter of capital. By the same token, Britain's decline as the leading imperialist power was evidenced not by its decline as a capital exporting nation, but rather by its industrial decline. Similarly, we can and must today assess the dynamics in the inter-imperialist rivalry not by placing financial figures in the forefront, but rather by the relative changes in the capacity of each state to produce capitalist value. Without such a materialistic Marxist approach, one is doomed to ignore the decline of US and British imperialism and the rise of their Chinese and Russian rivals.

Without realizing it, Burke and his like-minded co-thinkers have revised Lenin's theory of imperialism. Marxists base their theory of imperialism on the understanding that the metropolitan monopolies super-exploit the semi-colonial countries by advancing them capital loans in order to siphon off significant extra-profits for themselves. As we have shown in our book *The Great Robbery of the South*, this super-exploitation takes four main forms: i) the exporting of productive capital; ii) the exporting of financial capital; iii) the unequal exchange of value between the exploiters and exploited; and iv) the migration of labor from the South to the North. This understanding naturally presupposes that the imperialist countries are in fact *exporting* capital. However, Burke & Co. have turned this concept on its head and claim that the imperialist countries are *plundering capital* from the semi-colonial world, based on their financial and military dominance. This revision of Lenin's theory of imperialism transforms it from one based on the capitalist law of value to one based on unabashed plunder by military force, whether explicit or implicit. Such revisionism has little to do with the Marxist understanding of imperialism, and is far more closely related to petty-bourgeois moralistic conceptions à la Proudhon.⁹³

Another derivative of Burke's neo-Proudhonist conception is his naïve notion that while the naughty Western imperialists rob the South of capital, the emerging imperialists like China have "*mutually beneficial trading relationships*" with the semi-colonial countries:

*"It is even further removed from the trade of one large country with another, say Brazil with Venezuela or China in Africa. These can be mutually beneficial trading relationships, even while governed by laws of the capitalist market."*⁹⁴

So, thanks to Burke, we are supposed to accept that, in ad-

dition to super-exploiting capitalist powers, there are also those who are benevolent! Without doubt, this is an extraordinary insight from a so-called "Marxist" economist! In fact, by claiming that the US and UK are the model of imperialism today, Burke & Co. entirely ignore the disparities between imperialist powers. However, in our opinion, our critics would reap no little advantage if they would take to heart Lenin's approach, which stressed the existence of *different* models of the imperialist powers in his day:

*"The principal spheres of investment of British capital are the British colonies, which are very large also in America (for example, Canada), not to mention Asia, etc. In this case, enormous exports of capital are bound up most closely with vast colonies, of the importance of which for imperialism I shall speak later. In the case of France the situation is different. French capital exports are invested mainly in Europe, primarily in Russia (at least ten thousand million francs). This is mainly loan capital, government loans, and not capital invested in industrial undertakings. Unlike British colonial imperialism, French imperialism might be termed usury imperialism. In the case of Germany, we have a third type; colonies are inconsiderable, and German capital invested abroad is divided most evenly between Europe and America."*⁹⁵

And here Lenin was only dealing with the differences between the three strongest European imperialist powers at the time! As we know, he also considered the United States, Austria-Hungary, Russia, and Japan to be imperialist countries which, clearly, represented additional types of imperialist states.

Explaining Eastern Imperialist Power before 1914

Our critics face an obvious problem. As we have shown, Lenin made unmistakably clear that he considered imperialist not only those countries which, at his time, were most advanced in terms of financial capital and capital export. Rather, he repeatedly stressed that, together with the advanced, emerging US, he also considered incomparably more backward great powers like Russia, Austria-Hungary, and Japan to be imperialist.

Unable to ignore Lenin's own position, Sam Williams sought to explain it, and thus he wrote about Japan and Russia:

*"Rapidly industrializing but relative to Britain, the U.S. and Germany still under-industrialized, Japan was still poor in finance capital. But Japan was using its highly developed military machine to seize colonies. Japan had seized Taiwan in a war against China in 1895, and Korea in 1910. Therefore, Lenin ranked Japan among the imperialist powers despite its relative poverty in finance capital."*⁹⁶

*"As we have seen, Russia ruled and oppressed many nations and nationalities. (...) The Russian imperialism of 1914 was actually a combination of two regimes of different class origins, a modestly developed modern imperialism based on monopoly capitalism and finance capital, and a military-feudal imperialism rooted in feudal pre-capitalist relations presided over by the continuing czarist autocracy rooted in feudal relations. As a result, it was necessary for the Russian Marxists to treat Russia as an imperialist nation and not an oppressed colonial or semi-colonial country."*⁹⁷

"In conclusion, the national question is not a thing of the past for the Russian Federation, but it is also true that today's Russian

*Federated Republic is a far cry from the prison house of nations that czarist Russia was. Has the military-feudal imperialism of pre-1917 Russia been restored? Except for the double-eagle coat of arms that is popular among today's Russian nationalists, the answer is no. Present-day Russian landed property is landed property of a purely capitalist type, not of the feudal type. And even if reaction in Russia were to deepen to the point that one of the Romanov pretenders were to be restored to the throne—which remains a theoretical if highly unlikely possibility—the feudal order would still be beyond revival.”*⁹⁸

The above three paragraphs brings into focus the entirely inconsistent and erroneous approach of the pro-Eastern social-imperialists' theory. For here, Williams correctly recognizes that Japan's military power was of paramount importance in its characterization as an imperialist power, despite its relative backwardness in terms of financial capital. In doing so, he implicitly recognizes the definition of imperialist powers which we gave at the beginning of this booklet, one which stresses the *totality* of economic, political, and/or military factors in the capitalist domination over others.

Unfortunately, when analyzing the imperialist powers of our time, Williams somehow “forgets” the correctness of this approach, and reduces his entire analysis to only one or two factors (financial capital and capital export). Hence, he reaches the wrong conclusions and thereby fails to recognize the imperialist nature of Russia and China.

William's attempt to justify this oversight in the case of today's Russia is unhistorical. He states that present-day Russia cannot restore the military-feudal imperialism which characterized it before 1917. Obviously, this is true. But instead of consistently applying the Marxist dialectical understanding of imperialist powers in their “*rich totality of many determinations and relations,*”⁹⁹ he simply concludes that, since feudal property relations cannot be restored, Russian imperialism is no longer possible. Such an argument is disingenuous in the extreme!

As we have shown above, Lenin had a comprehensive understanding of imperialist states. As such, he considered Russia (as well as Austria-Hungary and Japan) to be imperialist states *despite* the fact that they incorporated important elements of *pre-capitalist* mode of production. In contrast to Williams' interpretation, this is compelling evidence that Lenin *did not limit* the criteria for imperialist states to financial capital and capital export as our critics do. He integrated industrial development, political power, military strength, etc. into his conception and applied it dialectically in his analysis of imperialist powers. Hence, he assessed as imperialist great powers with such differ-

ent physiognomies as Britain and Russia, Germany and Japan, France and Austria-Hungary, Italy, and the United States. And he recognized that, given the nature of uneven capitalist development, all imperialist states are in a state of rivalry with one other, and are thereby transformed by such a process. For this reason, Lenin judged imperialist states not only in terms of their present condition, but also in terms of their *direction of development*. In other words, he recognized – in contrast to the pro-Eastern social-imperialists, who refuse to recognize China and Russia as imperialist powers – the character and dynamic of emerging great powers like Russia or Japan during his time.

„*This is because the only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the strength of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the even development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism. Half a century ago Germany was a miserable, insignificant country, if her capitalist strength is compared with that of the Britain of that time; Japan compared with Russia in the same way. Is it “conceivable” that in ten or twenty years' time the relative strength of the imperialist powers will have remained unchanged? It is out of the question.*”¹⁰⁰

Williams' second argument is that, since the share of national minorities in Russia today is smaller than under the Tsar, Russia is not imperialist. It is indeed true that, before 1917, the oppressed nationalities made up about 57% of Russia's population. However, as we have shown in our study, Russia's population still include a substantial minority of oppressed nations. In addition to the non-Russian citizens, who make up 19% of the total population, there are also about 20 million legal and illegal migrants living in Russia. Altogether, these national minorities constitute more than one third of its population. Hence, in contrast to Williams, we would maintain that this situation is an additional argument in favor of Russia's imperialist character.¹⁰¹

A Brief Overview of the Imperialist Powers Today¹⁰²

Beyond the decay of capitalism as a global system, the basis for the exacerbation of the inter-imperialist rivalry during recent years have been important changes – economic, political, and military – in the relations of forces between the imperialist powers themselves. Since World War II, the *United States* has been the absolute hegemon among the imperialist countries. However, this overwhelming domi-

Table 31 US Economic Decline between 1985 and 2011¹⁰³

	1985	1998/2000	2011
US Share in World's Manufacturing Production	32.4%	25.4%	20.5%
US Share amongst global leading Top 500 Corporations	-	40%	26%

nance started to diminish as early as the 1960s and 1970s, and in subsequent decades the decline of US hegemony has accelerated. While today the US remains, *relatively*, the strongest of imperialist power, its status has fundamentally changed to being one of *primus inter pares*. The US empire has become severely over-extended, its political and military dominance being entirely disproportionate with its weakened economic base. This development resembles the decline of British imperialism in the decades before World War I. While, after 1945, the US accounted for half of the world's industrial manufacturing – making it the center of the production of capitalist value – subsequently, its *relative* economic power gradually declined until, in 2011, it was superseded by China, and now accounts for only 19% of global industrial production. (As an aside, we draw our readers' attention to the fact that, even this figure is too high, as official production statistics of *all* western economies are significantly inflated, seeing how they surreptitiously attribute to themselves mass sums of capitalist value transferred to them by the semi-colonial world which they dominate.) Similarly, if we scrutinize the world's largest corporations (indexed in the so-called *Fortune 500*), we witness a significant decline in the place of US monopolies on this list, decreasing from 40% to 26% between 2000 and 2011. (See Table 31) No less striking is that the US has been transformed from the world's largest creditor to its biggest debtor, and has become the world's leading importer, rather than an exporter, of capital. At the same time, the US still holds important assets which reflect its past strength: the US dollar is still the world's leading currency for international trade and its military budget is greater than the next nine national military budgets combined. However, regarding the first of these assets, the EU, as well as Russia and China, are taking concrete steps to challenge the dollar's monopoly in the conducting of global trade and finance, while the second – the US's massive military spending – did not prevent it from facing defeats both in Iraq and Afghanistan. Consequently, the US is no longer able to intervene wherever and whenever it chooses, as was so clearly demonstrated in the autumn of 2013, when the US was forced to negotiate with Russia in Geneva over the Syrian crisis. Similarly, the US could not stop Russia from taking over Crimea, nor does it prevent China from flexing its muscles in the East China Sea. Related to this loss of absolute hegemony, reflecting as it does the political-moral crisis of the American empire, is the increasing unwillingness of the US population to complacently accept the deaths of US soldiers involved in their country's imperialistic adventures. To summarize, US imperialism is in a state of decline; the force and threats of force it wields are based on its past indisputable hegemonic position while, in fact, it has become a Colossus with feet of clay, similar to Britain before 1914.

European imperialism – organized under the EU, and led by Germany with France as its junior partner – is in a contradictory position. On the one hand, during the past decade it managed to more or less retain its position in the world market, as its monopolies avoided a significant decline and basically kept their share among the world's leading corporations. While, in fact, Germany, Italy, France, and the UK did encounter very modest decreases in their respective shares of the world market (Britain more so than others), they nevertheless remain among the world's lead-

ing economic powers. The Euro has gained in strength as a currency of world exchange. At the same time, the EU's main problem is that it is not a unified political power. Hence, its effective weight in the world economy and diplomacy does not equal its numerical weight (i.e., the total is *less* than the sum of its parts), to say nothing about the relative strength of its combined military forces. Without US backing, the EU would be in an extremely weak position, for example, in its struggle with Russia over influence in the Ukraine. Similarly, by itself the EU would be incapable of effectively defending its shipping along world-wide trade routes, nor of ensuring its imperialistic access to the raw materials of the South. This is why the only chance for Europe's monopoly capital is to push forward the creation of a pan-European state apparatus which will effectively unite its economic, political, and military power. Such a project will undoubtedly demand massive attacks being made on the interests of the working class, the middle class, and even sectors of the bourgeoisie as, among other things, it will require a massive increase in the EU's military spending. As long as such a project has not begun to approach some sort of parity with the relative strengths of the US, the EU will be forced to ally itself with the latter in order to realize its global interests.

Japanese imperialism could also potentially retain its position as the world's third largest economic power as is reflected in its share of world industrial production as well as being the home base of leading global corporations. However, Japan has three basic problems: it lacks close allies (like those, for example, which Germany has in the EU); it faces a huge and rising rival directly at its front door (i.e., China); and its military is still weak. As a result, it is still politically and militarily dependent on the US. Hence, Japan's ruling class, served by the right-wing government of Prime Minister Abe, is whipping up reactionary chauvinism and militarism, and is launching massive attacks on its working class and peasantry, not least of which because it needs to finance its massive re-armament.

China's rise as an emerging imperialist power is the single most important development in world politics of the last decade. As already mentioned above, China has become the largest producer of capitalist surplus value. (See Figure 2 as an indication of China's growth as surplus value producer). In the *Fortune 500* index of the world's leading corporations, the number of Chinese monopolies ranks only behind those of the US. China has become a major capital exporter and has become one of the biggest foreign investors in Latin America, Africa, and Asia. Hence China – and to a lesser degree also Russia – is appropriating a substantial mass of extra profits from the super-exploitation of the semi-colonial world. It is the world's largest holder of foreign exchange reserves and – like Russia – is increasingly making itself independent of the US dollar by steadily reducing its hold of US bonds. Together with Russia and the other BRICS states, China has established a global bank as an alternative to the IMF. This *New Development Bank* has an initial subscribed capital of \$50bn followed by an authorized capital of \$100bn. In addition, the BRICS states have created a so-called *Contingent Reserve Arrangement*, with a designated amount of \$100bn.¹⁰⁴

Another sign of major changes in the hierarchy of imperialist powers is China and Russia's creation of a joint rating agency to counter US dominance. China's rise as an

imperialist power is also reflected in its having become the world's second-largest military spender, as well as its recent militarist forays against Japan (the Senkaku/Diaoyu Islands) and Vietnam (the Paracel Islands).

Russia too is an important emerging imperialist power. Two decades after the catastrophic collapse of the USSR, Russia has again become a major producer of capitalist value. While Russia ranked fourteenth on the list of the world's manufacturing countries in 2001, by 2011 it advanced to eighth place. It has created a number of monopolies which dominate its economy and increasingly invest their capital abroad. However, one has to be clear that Russia's economy and its monopoly capital are substantially weaker than that of China or the US. Putin has advanced the formation of the *Eurasian Union* and is attempting to increase Russia's hegemony in Central Asia and Eastern Europe. It is the world's third greatest military power. Russia's status as an imperialist power is illustrated by its ability to stand up against the US and EU imperialism in major issues of world politics (e.g., Georgia in 2008, Syria since 2011, and the Ukraine in 2014). There is no doubt that the specific formation of the bonapartist regimes in Russia (the Putin regime since 1999) and China (the Stalinist-capitalist regime since the early 1990s) enables both states to severely suppress their respective working classes and hence to utilize their economic resources effectively.

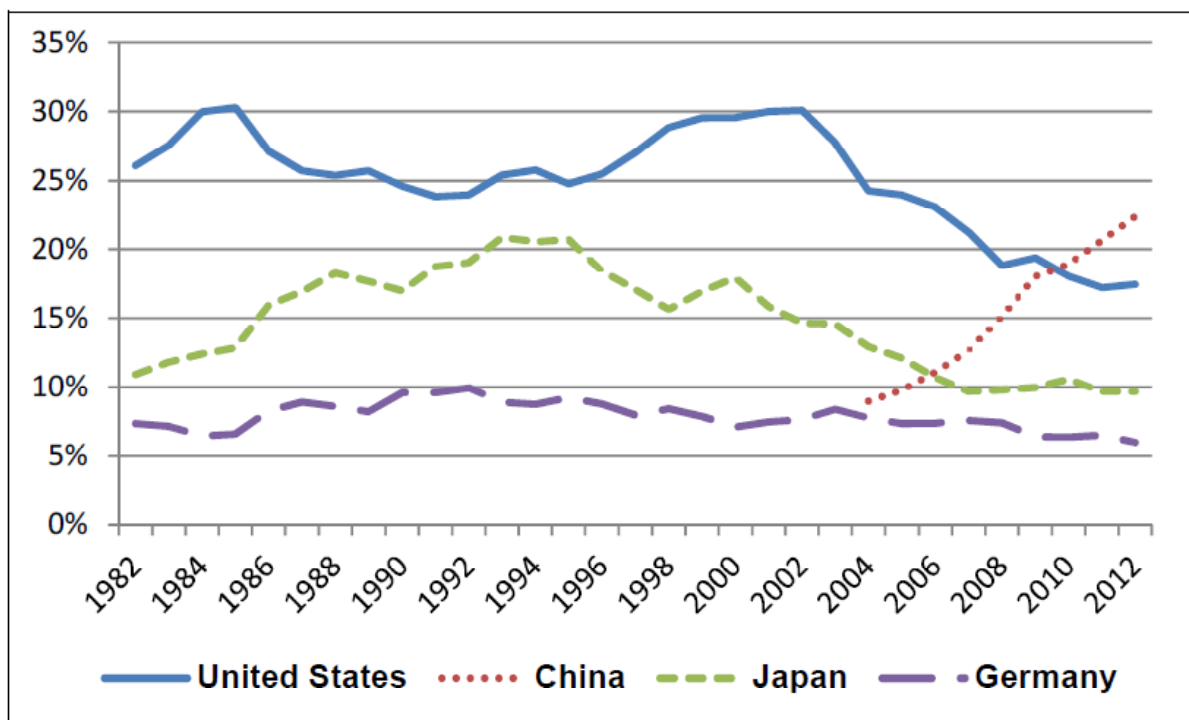
There are also a number of other *smaller or junior imperialist states* throughout the world (e.g., various smaller states

in Western Europe; Australia, Canada, and South Korea). These countries have all witnessed capitalist development since the 19th century and are dominated by their own monopolistic bourgeoisie. For many decades, they have participated in the super-exploitation of the South. As a result, they have accumulated massive amounts of capital and wealth which enables them to bribe a substantial layer of the middle class as well as the labor aristocracy. However, these states are too weak to play an independent role and, hence, they must ally themselves with the stronger great powers, filling a junior role by which they can ensure their own specific interests in the world economy and politics. It is important to recognize that these smaller countries are *not* semi-colonies but imperialist states; they are not exploited by the great powers, but rather profit economically and politically from the imperialist world order. So despite the differences in size and influence between, let us say, Switzerland and the US, both are imperialist states and the working class has no interest in supporting either of them in the event of armed conflict.

The Theory of the "Transitional" or "Sub-Imperialist" State

While the pro-Eastern social-imperialists agree among themselves that Russia and China are not imperialist states, they are sharply divided about what these powers actually are. Burke and his *Socialist Action* group as well

Figure 2 Figure: Selected Countries' Shares of World Manufacturing Output, 1982-2012 (Calculated in current U.S. Dollars) ¹⁰⁵



Source: United Nations National Accounts Main Aggregates Database, value added by economic activity, at current prices—U.S. dollars.

as Jan Norden's IG believe that China is a workers' state. Williams and the LCFI on the other hand consider China to be a capitalist but not imperialist country. Concerning Russia, Burke's SA and the LCFI see it as a semi-colonial country. In contrast to them, Jan Norden's IG sees Russia as a "sub-imperialist" respectively as a "intermediate" or "transitional capitalist country, neither a semi-colony nor an imperialist state – not yet".

*"Russia today is such a transitional capitalist country, neither a semi-colony nor an imperialist state – not yet. Another example of an intermediate capitalist country is Greece. Geopolitically Russia is a regional power with imperial ambitions. It's not unique. South Africa, both under the apartheid regime and now under black capitalist neo-apartheid, has sought to control the southern parts of the African continent. Even larger semi-colonial countries can play this role: Iran under the shah and Khomeini and his heirs has sought to dominate "its" region, including the "Persian" Gulf statelets. Brazil acts as a sheriff for Yankee imperialism in the Caribbean, supplying mercenary troops for the U.S./U.N. occupation of Haiti. Putin's Russia plays hardball with Ukraine over gas supplies and prices? For decades Brazil imposed below-cost payments to Paraguay for electricity from the Iguazu Falls."*¹⁰⁶

We have elaborated our criticism of the theory of sub-imperialism in *The Great Robbery of the South* and will only summarize some conclusions.¹⁰⁷ We think that, basically, the capitalist world is divided between imperialist and semi-colonial countries, oppressor and oppressed nations. Of course, these are not fixed categories and changes can (and indeed do) take place. Israel, for example, became a small imperialist state in the last two decades. It can be argued that Portugal lost its imperialist status after the loss of all its colonies in 1974/75 and its economic and political decline since then. South Korea, on the other hand, rose from a semi-colony to a small imperialist state in the 1990s.

Naturally if states undergo such a process they are "in transition" and in this sense it can be useful to describe a temporary process of transformation. However, the supporters of the theory of sub-imperialism don't understand this as a category to describe the transition process but rather see it as a separate, independent category. And here lies the fundamental problem.

Capitalism unites all nations in the world via economic and political expansion and the formation of a world market. This process took place from the beginning of the capitalist mode of production and has tremendously accelerated in the epoch of imperialism. Under these conditions, no nation escapes the formation of ever closer economic and political ties with the dominant imperialist powers. Such close relations automatically create, modify, and reproduce mechanisms of exploitation and super-exploitation. In other words, under capitalism – and even more under imperialism – all nations are sucked into the process of super-exploitation. Either they are strong enough and become part of the oppressing nations, or they are pushed into the camp of the majority of humanity – the oppressed nations. There is no "third camp" in between.

Norden tries to justify his concept of "sub-imperialism" by referring to Lenin:

"Contrary to the social-democratic purveyors of imperialist propaganda against "Russian imperialism," Lenin did not divide the world exclusively into imperialists and colonies or semi-

colonies. In his pamphlet on Imperialism, the Bolshevik leader referred in several places to "non-colonial and semi-colonial countries" (such as Persia, China and Turkey), to "a number of transitional forms of state dependence" including Argentina ("almost a British commercial colony") and Portugal ("a British protectorate"), and more generally to "the transitional forms which are to be found in all spheres of nature and society." His point was that they are all "links in the chain of operations of world finance capital," part of "a general system," imperialism."¹⁰⁸

But this is a total distortion of Lenin's thinking. The leader of the Bolshevik party – and Trotsky after him – made it very clear in numerous writings that he considered the division of the world between imperialist and colonial (or semi-colonial) countries as a fundamental characteristic of the epoch of decaying capitalism.

„Imperialism means the progressively mounting oppression of the nations of the world by a handful of Great Powers; (...) the oppression of the majority of the world's nations by the Great Powers. That is why the focal point in the Social-Democratic programme must be that division of nations into oppressor and oppressed which forms the essence of imperialism.“¹⁰⁹

This is why all the programmatic documents of the Communist International and later the Fourth International didn't use categories like "transitional" or "sub-imperialist" countries but focused on the exploiting and oppressing relationship between the imperialist powers and semi-colonial world.

Argentina and all Latin American countries were already semi-colonial countries in Lenin's time and have remained so ever since. Hence both the Third as well as the Fourth International considered this continent as semi-colonies exploited and oppressed by US as well as Western European imperialism. Portugal was indeed in a contradictory position as an old and decaying colonial power. But Portugal was an exception in Lenin's time and not a typical example of the capitalist countries around the world.

The uselessness of Norden's "sub-imperialism" becomes fully evident when it turns out that he considers not only Russia to be a "transitional capitalist country," but also Ukraine and Greece.

"Overall Ukraine, like Russia, is an intermediate, transitional capitalist country, albeit one that is still mired in post-counter-revolution economic malaise and is far weaker militarily."¹¹⁰

In fact, the Ukraine – as we have shown in documents on this country as well as our study on Russia (see above) – is a semi-colonial country which is super-exploited and dominated by the European Union and Russia. Its economy is controlled by Western and Russian corporations. To put Russia and Ukraine in the same category – despite the obvious relationship of subordination between them – demonstrates how meaningless the category "sub-imperialist" is. This is similarly the case with Greece: Yes, Greek capital tried to transform itself into a small imperialist nation after the collapse of Stalinism and the opening up of the Balkans. But, in the end, it failed and remained a semi-colonial country. Today it is more obvious than ever, with its domination by the so-called "Troika" and other instruments of imperialist control, that Greece is super-exploited and controlled by the imperialist powers.¹¹¹ Only a theoretically blind muddle head can deny the semi-colonial status of Greece.

Is Inter-Imperialist Rivalry Intensifying or Minimizing?

The pro-Eastern social-chauvinists' revision of Lenin's theory of imperialism is not limited to the concept of "sub-imperialism." Another, and even more thorough, revision is their de-facto denial of inter-imperialist rivalry. They see the world as dominated by a united alliance of imperialist powers, organized in NATO. This alliance is said to be led by the US, a kind of super-power when compared with the other imperialist states, the latter being its "satellites." As Sam Williams has written:

*"If you have to describe the difference between the imperialism of 1914 and the imperialism of 2014 in one word, it would be NATO. Unlike in 1914, there is one military machine, or "czar," that dominates the imperialist world. And its roots are not in feudal but purely capitalist relations. This machine includes the armed forces not only of the United States but also of other countries in the NATO "alliance," including Britain, Germany, France and, though formally part of a separate security treaty, Japan as well. It also includes the armed forces of many of the "lesser" imperialist countries such as Canada and the smaller countries of Western Europe as well as, now, Eastern Europe."*¹¹²

"In this blog, I have developed the concept of satellite imperialist states. These states are subordinate to the "international institutions"—NATO, the World Trade Organization, and the U.S. dollar-centered international monetary system—that are in every case dominated by the United States of America. But like the United States, and unlike the oppressed countries, they share in the super-profits generated by imperialism and are in a position to bribe their more privileged workers and support a large middle class of "white collar" employees who own a certain amount of "moneyed capital" and the land under their own homes.

In 1914, however, the system of "satellite imperialisms" was not nearly as developed as it is today—two world wars later. However, in his "Imperialism," Lenin refers to the relationship between Britain and Portugal, which in some ways formed a prototype of today's satellite imperialist countries.

*The difference in 2014 compared to 1914 or 1916 when Lenin was writing is that relative to the United States of America all the other imperialist nations are 'little states.'"*¹¹³

Socialist Action's Michael Burke has a similar understanding of imperialism today.

*"Inter-imperialist rivalry has not been abolished. But the US has used a combination of its financial and military dominance to ensure its own dominance within the imperialist bloc, even as that bloc has been in relative decline."*¹¹⁴

*"Three decisive changes in world politics have occurred since Lenin wrote his great work. (...) The first decisive political change was in the contest over who would be the dominant imperialist in the world, which began in 1914 was resolved by 1945. The US had become the single dominant imperialist power and would countenance no serious rivalry from other imperialists. The best they could hope for was to play some subordinate but mutually beneficial role as a junior ally of US imperialism."*¹¹⁵

*"Of these workers' states by far the weightiest in the world economy is China. In all these cases, private property in the means of production is not the dominant form of ownership in the domestic economy."*¹¹⁶

"These three facts, US supremacy within the imperialist bloc, the continuous existence of workers' states and the wave of di-

*rect decolonisation, are entirely new factors. They are decisive in understanding that the main antagonism in the world is no longer inter-imperialist competition (which has certainly not been abolished). Now, the pre-eminence of the US and the existence of workers' states with real political and economic weight means that principal contradiction in world politics is between the US and its imperialist allies versus the workers states and the countries oppressed by imperialism (including the semi-colonial world and the remaining colonies). Of these, the biggest, the weightiest threat to US economic interests is the rise of China."*¹¹⁷

We have already dealt extensively with the class character of China, and have shown that it has not been a workers state since the early 1990s. In fact, private capitalist ownership dominates the Chinese economy and the remaining state corporations function on the basis of the capitalist law of value. As a result, Chinese monopolies rank among the world's leading corporations.¹¹⁸ In this booklet, our discussion of China will focus on its role in inter-imperialist rivalry, a key feature in Lenin's notion of imperialism, and one which our revisionist critics attack.

It is certainly true that, in the post-WWII period and until 1991, the world witnessed a certain reduction of inter-imperialist rivalry, when compared with the period before 1945. There were two main reasons for this: On the one hand, the consolidation of absolute US domination as the imperialist power after the defeat of Germany and Japan and the relative subordination of Britain and France; and, on the other hand, was the impetus of the imperialist powers to shelve their rivalries and unite behind the US in light of the wave of class struggles at home between 1945-47, the eruption of anti-colonial liberation struggles in Asia and Africa, and the founding of Stalinist workers' states in Eastern Europe. Note that this relative reduction of inter-imperialist rivalry did not entirely liquidate it, as was attested to, for example, by the diplomatic conflict between Britain and France vs. the US during the 1956 Suez War or by France's exit from the military structures of NATO in 1966.

However, the collapse of the Soviet Union as well as a number of other degenerated Stalinist worker states in 1989-91 eliminated the necessity for inter-imperialist unity. In addition, the decline of the US as the world's absolute hegemonic power reduced Washington's ability to enforce its will upon the other imperialist states. This process accelerated in the 2000s, when US imperialism under the second President Bush tried to reestablish its absolute hegemony by launching its "War on Terror" after 9/11. However, important imperialist countries like Germany and France refused to support the American invasion and occupation of Iraq in 2003. US imperialism itself was forced to withdraw its occupation forces from Iraq in 2011, and has already announced its intention to withdraw from Afghanistan by 2016. Behind this political and military decline lies the economic decline of the US which we have described above. This resurgence of inter-imperialist rivalry went hand in hand with the emergence of two new imperialist powers: China and Russia. However as we have seen, Socialist Action, the LCFI, the IG, Sam Williams etc., all refuse to recognize this latter development; so much so that, to deny this reality, they hide behind the absurd argument that Russia or China *cannot* be imperialist simply because they have not been admitted by the US to NATO or to the EU

by the European powers.

*"In addition, Russia is not a member of NATO or the European Union and is generally seen as far more independent of the U.S. than imperialist countries of "the West" such as the countries of Western Europe, Japan, Australia and New Zealand. Since Russian capitalist "imperialism" would have developed only over the last 25 years from its very modest roots in the pre-perestroika Soviet "second economy," it would be expected to be sharply counter-posed to the established imperialism of the U.S.-centered world empire. Russia would therefore be expected to be evolving its own gigantic banking institutions. Indeed, China is developing some very large banks, which does indicate a certain development of finance capital in that country, though the operation of these banks remains so far largely confined to China. Moreover, China as a whole, as we will see below, is still far too poor in finance capital to be considered anything close to being an imperialist country in its own right."*¹¹⁹

The truth of the matter is that Russia and China have not been admitted to the Western imperialist associations precisely because the West views them as imperialist rivals! Contrary to Sam Williams' claim, the last few years have witnessed an increasing number of incidents which reflect this rivalry between the Western and the Eastern imperialist powers. Has Williams "forgotten" China's maritime muscle-flexing in the East and South China Seas against Japan, the Philippines, and Vietnam? What else is the creation of the New Development Bank and other financial institutions than an expression of China's and Russia's increasing great power status? If Russia had not already have become an imperialist power, how exactly did it stop the US military intervention in Syria in the autumn of 2013? Furthermore, how could it possibly have stood up to the aggressive pressure from the US and the EU surrounding the Ukrainian civil war?

Williams also claims that, if Russia or China were in fact imperialist, they would *"be expected to be sharply counter-posed to the established imperialism of the U.S.-centered world empire. Russia would therefore be expected to be evolving its own gigantic banking institutions."* As we just seen, this is indeed increasingly so. However, this emergence of Russia and China as imperialist power does not mean that they had to *immediately* provoke a war with the US. We simply refer Williams to the fact that, in the two decades before 1914, with the lone exception of the war between Russia and Japan in 1904/05, there was not a single war between the imperialist powers. Imperialist rivalry does in fact always and inevitably lead to war but, in order to prepare for the next confrontation, it also includes periods of "peaceful" co-existence.

Due to their increasing confusion, the pro-Eastern social-imperialists have had to fundamentally revise Lenin's theory of imperialism. Thus, they have concluded, consciously or unconsciously, that as capitalism progressively declines during its final epoch, the contradictions between the imperialist powers are diminishing rather than accelerating. Lenin once remarked that the key feature of a dialectical understanding of development is that *"[t]he unity (...) of opposites is conditional, temporary, transitory, relative. The struggle of mutually exclusive opposites is absolute, just as development and motion are absolute."*¹²⁰ However, the revisionists turn this all around. They rather see the equilibrium, the harmony as the dominant element. So, according to these revisionists, the absurd conclusion: the exacerbation

of the capitalist crisis leads to increasing harmony between the imperialist powers.

Excuse: The Maoist Origin of the Super-Power Theory

As an aside, we note that our critics' thesis of Western Europe and Japan as "satellites" of US imperialism reminds us of the "Three-World-Theory" disseminated by the Maoists in the 1970s. According to this theory, the two super-powers – the US and the USSR – not only oppressed the semi-colonial (third) world, but also discriminated against and threatened the imperialist countries in Western Europe and Japan, as well as Eastern Europe.

*"The developed countries in between the two worlds constitute the second world. They oppress and exploit the oppressed nations and are at the same time controlled and bullied by the superpowers. They have a dual character, and stand in contradiction with both the first and the third worlds. But they are still a force the third world can win over or unite with in the struggle against hegemonism. (...) Chairman Mao always regarded the second world countries as a force that could be united with in the struggle against the two hegemonist powers. He said, 'We should win over these countries, such as Britain, France and West Germany.' (...) Through twenty to thirty years of struggle against U.S. control and simultaneously through taking advantage of the severe world-wide setbacks suffered by the United States in its policy of aggression, the West European countries have succeeded in altering the situation prevailing in the early post-war years when they had to submit to U.S. domination. Japan is in a similar position."*¹²¹

Similarly US Maoist academic Martin Nicolaus claimed in the late 1960s that the Western European imperialist states had become *"imperialized imperialist states"* or *"junior partner in imperialism, but themselves imperialized, colonized metropolises"*¹²²

While politically subordinated to the US, the imperialist powers in Western Europe and Japan certainly were not "satellites" or even "semi-colonies." This was a thesis advanced by various Stalinists and Maoists in order to justify their advocating support for an alliance of the Soviet Union or China with these imperialist powers against the "super-imperialist" US. In other words, this was a theoretical justification for the worst form of class-collaborationist popular-frontism.¹²³

Ernest Mandel, the late leading theoretician of the centrist *"United Secretariat of the Fourth International"*, correctly answered this Maoist misconception long ago:

"The relationship of forces between various imperialist powers can develop greatly to the advantage of one and at the expense of another. A massive relative superiority on the European continent was possessed by Germany, in the periods 1900-1916, and 1937-1944, and by France in the period 1919-1923. But that does not transform the competitors of the predominant power into semi-colonial nations, which have lost control over the means of production of their country. Such semicolonial nations only arise when in fact the key industries and banks in the country are owned or controlled by foreign capitalists, and when for that reason, the State itself fundamentally protects the interests of the foreign imperialist class, as against those of the 'native' bourgeoisie. That is the situation in Greece, Brazil, Ghana or Iran today. It is obviously not the situation in France, Britain or Italy, not to speak of Japan or Western Germany. Quantitative changes in the relationship of forces between imperialist powers

are one thing; a qualitative change in status, the transformation of an imperialist country into a semicolonial country (as could have happened in France, if Germany had won the Second World War, or as could have happened in West Germany, if the 1945-47 trend had been maintained and the 'Cold War' had not broken out) is quite another thing. There is not the slightest evidence to show that US imperialism controls more than 10 per cent of the industrial means of production, and much less of the financial means of exchange, of any other imperialist power (with the exception of Canada, which is indeed a border case). There is for that reason not the slightest evidence that these powers have lost their basic independence as imperialist powers, and have become US semi-colonies." ¹²⁴

Modern Apologists for Karl Kautsky's Theory of Ultra-Imperialism

In fact, the pro-Eastern social-imperialists have reached the same conclusion as the chief theoretician of "Marxist" centrist revisionism Karl Kautsky. In 1914, Kautsky developed his theory of ultra-imperialism, according to which the economic laws of capitalism would push the bourgeoisie to overcome the stage of imperialism and to enter a stage called "ultra-imperialism." This epoch would be characterized by an increasing exploitation of the working class as well as of the colonial and semi-colonial countries. At the same time, the imperialist powers would increasingly overcome their rivalry and unite in a single imperialist trust or alliance.

"But imperialism has another side. The tendency towards the occupation and subjugation of the agrarian zones has produced sharp contradictions between the industrialized capitalist states, with the result that the arms race which was previously only a race for land armaments has now also become naval arms race, and that the long prophesied World War has now become a fact. Is this side of imperialism, too, a necessity for the continued existence of capitalism, one that can only be overcome with capitalism itself?"

There is no economic necessity for continuing the arms race after the World War, even from the standpoint of the capitalist class itself, with the exception of at most certain armaments interests. On the contrary, the capitalist economy is seriously threatened precisely by the contradictions between its States. Every far-sighted capitalist today must call on his fellows: capitalists of all countries, unite! For, first of all, there is the growing opposition of the more developed of the agrarian zones, which threatens not just one or other of the imperialist States, but all of them together. This is true of the awakening of Eastern Asia and India as well as of the Pan-Islamic movement in the Near East and North Africa.

This upsurge is accompanied by the growing opposition of the proletariat of the industrial countries against every new increase of their tax burden. (...) After the War, this trend will not get better, but worse, if the arms race and its demands on the capital market continue to grow.

Imperialism is thus digging its own grave. From a means to develop capitalism, it is becoming a hindrance to it. Nevertheless, capitalism need not yet be at the end of the line. From the purely economic standpoint, it can continue to develop so long as the growing industries of the capitalist countries can induce a corresponding expansion of agricultural production. This gets more and more difficult, of course, as the annual growth of world industry increases and still unopened agrarian zones become fewer

and fewer. So long as this limit has not been reached, capitalism may be wrecked on the reef of the rising political opposition of the proletariat, but it need not come to an end in economic collapse. On the other hand, just such an economic bankruptcy would occur prematurely as a result of continuing the present policy of imperialism. This policy of imperialism therefore cannot be continued much longer. Of course, if the present policy of imperialism were indispensable to the maintenance of the capitalist mode of production, then the factors I have referred to might make no lasting impression on the ruling class, and would not induce them to lend a different direction to their imperialist tendencies. But this change will be possible if imperialism, the striving of every great capitalist State to extend its own colonial empire in opposition to all the other empires of the same kind, represents only one among various modes of expansion of capitalism.

What Marx said of capitalism can also be applied to imperialism: monopoly creates competition and competition monopoly. The frantic competition of giant firms, giant banks and multi-millionaires obliged the great financial groups, who were absorbing the small ones, to think up the notion of the cartel. In the same way, the result of the World War between the great imperialist powers may be a federation of the strongest, who renounce their arms race.

Hence from the purely economic standpoint it is not impossible that capitalism may still live through another phase, the translation of cartellization into foreign policy: a phase of ultra-imperialism, which of course we must struggle against as energetically as we do against imperialism, but whose perils lie in another direction, not in that of the arms race and the threat to world peace. (...) From the purely economic standpoint, however, there is nothing further to prevent this violent explosion finally replacing imperialism by a holy alliance of the imperialists." ¹²⁵

As we see from the above, the pro-Eastern social-imperialists have not introduced a new theory but have simply adapted Kautsky's ideas to present day world developments.

As early as 100 years ago, Lenin explained that Kautsky's theory was in complete contradiction to the nature of capitalism itself. Capitalism's decay sharpens its contradictions rather than blunting them! In a brilliant formulation, the Marxist theoretician Nikolai Bukharin once concisely summed up how the progressive reproduction of capitalism naturally also implies the permanent reproduction of its inner contradictions:

„For a consistent Marxist, the entire development of capitalism is nothing but a process of a continuous reproduction of the contradictions of capitalism on an ever wider scale." ¹²⁶

One of the basic contradictions of capitalism – in addition to the contradiction between the social essence of the productive forces and the private form of property relations – is the contradiction between the international essence of the capitalist economy and the national form of the capitalist state. As Trotsky remarked, this disparity is a central, objective fundamental for the Marxist theory of Permanent Revolution:

"One of the basic reasons for the crisis in bourgeois society is the fact that the productive forces created by it can no longer be reconciled with the framework of the national state. From this follow, on the one hand, imperialist wars, on the other, the utopia of a bourgeois United States of Europe. The socialist revolution begins on the national arena, it unfolds on the international arena, and is completed on the world arena. Thus, the socialist revolution becomes a permanent revolution in a newer and

broader sense of the word; it attains completion only in the final victory of the new society on our entire planet." ¹²⁷

Based on such a dialectical understanding, Lenin and the Bolsheviks emphasized in all their writings that in the epoch of imperialism, the rivalry between the great powers must intensify:

"It is beyond doubt, therefore, that capitalism's transition to the stage of monopoly capitalism, to finance capital, is connected with the intensification of the struggle for the partitioning of the world." ¹²⁸

"Imperialism, in fact, does not and cannot transform capitalism from top to bottom. Imperialism complicates and sharpens the contradictions of capitalism, it "ties up" monopoly with free competition, but it cannot do away with exchange, the market, competition, crises, etc.

Imperialism is moribund capitalism, capitalism which is dying but not dead. The essential feature of imperialism, by and large, is not monopolies pure and simple, but monopolies in conjunction with exchange, markets, competition, crises.

It is therefore theoretically wrong to delete an analysis of exchange, commodity production, crises, etc., in general and to "replace" it by an analysis of imperialism as a whole.

There is no such whole. There is a transition from competition to monopoly, and therefore the programme would be much more correct, and much more true to reality, if it retained the general analysis of exchange, commodity production, crises, etc., and had a characterisation of the growing monopolies added to it. In fact it is this combination of antagonistic principles, viz., competition and monopoly, that is the essence of imperialism, it

is this that is making for the final crash, i.e., the socialist revolution." ¹²⁹

"...an essential feature of imperialism is the rivalry between several great powers in the striving for hegemony..." ¹³⁰

"Kautsky's utterly meaningless talk about ultraimperialism encourages, among other things, that profoundly mistaken idea which only brings grist to the mill of the apologists of imperialism, i.e., that the rule of finance capital lessens the unevenness and contradictions inherent in the world economy, whereas in reality it increases them. (...) Finance capital and the trusts do not diminish but increase the differences in the rate of growth of the various parts of the world economy. Once the relation of forces is changed, what other solution of the contradictions can be found under capitalism than that of force?" ¹³¹ (For more quotes look at this footnote.)

Similarly, the Communist International emphasized in its programmatic documents that the rivalry between the imperialist powers inevitably accelerates. As the communists wrote in their famous 21 conditions for admission in 1920:

"Every party which wishes to join the Communist International is obliged to expose not only avowed social-patriotism, but also the insincerity and hypocrisy of social-pacifism; to bring home to the workers systematically that without the revolutionary overthrow of capitalism no international court of arbitration, no agreement to limit armaments, no 'democratic' reorganization of the League of Nations, will be able to prevent new imperialist wars." ¹³²

And in its Statutes the Communist International stated:

"Remember the imperialist war! These are the first words addressed by the Communist International to every working man and woman; wherever they live and whatever language they speak. Remember that because of the existence of capitalist society a handful of imperialists were able to force the workers of the different countries for four long years to cut each other's throats. Remember that the war of the bourgeoisie conjured up in Europe and throughout the world the most frightful famine and the most appalling misery. Remember, that without the overthrow of capitalism the repetition of such robber wars is not only possible, but inevitable." ¹³³

As it is well known, Lenin (and Trotsky) characterized the imperialist epoch as an "epoch of wars and revolution". ¹³⁴ Why did they do so? They cited "wars" as an essential element of this epoch because they considered the rivalry between the imperialist powers, rivalry which must inevitably lead to war, as a fundamental feature of this epoch! In summary, our opponents who claim to adhere to Lenin's theory are in fact de-revolutionizing his method, i.e. they are "De-Leninizing" Leninism.



Vladimir Tatlin: Monument to the Third International (1920)

III. SOCIAL-IMPERIALISM AS A CARICATURE OF “ANTI-IMPERIALISM”

Let us now come to the political conclusions of the pro-Eastern social-imperialists. By declaring Russia and China as non-imperialist powers (or even a workers state in the case of China), they find justification for unabashedly advocating the forming of a bloc between the Eastern imperialist powers against the US, EU, and Japan. Let us examine the arguments they put forward, the tactics they propose, and the criticism they raise against the RCIT.

“Third Campism” and the “Anti-Imperialist United Front with Putin and Xi” in the Struggle between Imperialist Rivals

The LCFI, for example, calls for an “anti-imperialist united front” with Putin and Xi against the Western powers. It accuses its Marxist opponents, like the RCIT, of “Third Campism”, i.e. refusing to take a side between the great powers. *“This long quote is necessary because it sets the background to the political justification for either supporting the project of US Imperialism as outlined above or for taking a neutral stance via a version the justification advanced by Max Shachtman after his famous struggle against Trotsky in the US SWP in 1939/40 as recounted in the volume In Defence of Marxism; “Neither Washington nor Moscow but International Socialism”. We explore this split between centrist right and the centrist middle and the struggle for consistent revolutionary Trotskyist against both below. However we must bear in mind the necessity to differentiate between these two currents now that they have clashed so sharply over the Ukraine.*

*We need to tackle the ideological justification advanced by both the pro Imperialist side and the fence-sitting third campist “neither Moscow nor the US/EU/Nato but the international working class” side; that both Russia and China are Imperialist states (“Eastern Imperialism”). Therefore any conflict between either or both of them and US-dominated global Imperialism (“Western Imperialism”) is a conflict between rival Imperialist powers and therefore revolutionary socialists should support neither in that war. We should advocate revolutionary defeatism for ourselves and for the Russian/Chinese working class, i.e. they should seek the defeat of their own bourgeoisie in order to combat the imperialist chauvinism that sweeps the masses in wartime via its main conduit in modern times, the Labour and trade union bureaucracy. We content that this is fundamentally wrong, that neither Russia nor China are Imperialist powers in the Marxist sense and that therefore in any conflict between Imperialism and these states it is necessary to form an Anti Imperialist United Front with them either singly or together if both are simultaneously attacked.”*¹³⁵

Socialist Alliance’s Michael Burke even believes that supporting China and Russia will advance the cause of “those who desire peace”:

“This curb on US power, however limited or temporary, should be welcomed by all socialists, by all democrats and simply by all those who desire peace. Instead, we have the strange spectacle

*that some on the left have raised the charge that Russia is imperialist, or that China is, or countries such as Brazil, or India or South Africa are ‘sub-imperialist!’”*¹³⁶

These quotes demonstrate once again how deeply our critics are tangled up in their confusion. Even if, for a moment, we would accept that China is a workers’ state and Russia a semi-colony, how could their rise contribute to a more peaceful world? Would it not rather provoke a more aggressive foreign policy by the Western powers? As Trotsky pointed out, this is nothing but a theoretical deviation à la Stalin’s concept of the “neutralization of the world bourgeoisie”:

*“Only a reformist can picture the pressure of the proletariat upon the bourgeois state as a permanently increasing factor and as a guarantee against intervention. It is precisely out of this conception that arose the theory of the construction of socialism in one country, given the neutralization of the world bourgeoisie (Stalin).”*¹³⁷

But leaving this aside, the LCFI’s accusation of “Third Campism” demonstrates the total lack of understanding of Trotsky’s thinking. Trotsky himself developed this term to describe those who refused to defend the Soviet Union as a workers’ state or the colonial peoples against the imperialist attacks. Trotsky, however, never accused a Marxist of avowing “Third Campism” for failing to defend one great power against another! Let us see what Trotsky actually wrote:

“The very first “programmatic” articles of the purloined organ already reveal completely the light-mindedness and hollowness of this new anti-Marxist grouping which appears under the label of the “Third Camp”. What is this animal? There is the camp of capitalism; there is the camp of the proletariat. But is there perhaps a “third camp” —a petty-bourgeois sanctuary? In the nature of things, it is nothing else. But, as always, the petty bourgeois camouflages his “camp” with the paper flowers of rhetoric. Let us lend our ears! Here is one camp: France and England. There’s another camp: Hitler and Stalin. And a third camp: Burnham, with Shachtman. The Fourth International turns out for them to be in Hitler’s camp (Stalin made this discovery long ago). And so, a new great slogan: Muddlers and pacifists of the world, all ye suffering from the pin-pricks of fate, rally to the “third” camp!

But the whole trouble is that two warring camps do not at all exhaust the bourgeois world. What about all the neutral and semi-neutral countries? What about the United States? Where should Italy and Japan be assigned? The Scandinavian countries? India? China? We have in mind not the revolutionary Indian or Chinese workers but rather India and China as oppressed countries. The schoolboy schema of the three camps leaves out a trifling detail: the colonial world, the greater portion of mankind! India is participating in the imperialist war on the side of Great Britain. Does this mean that our attitude toward India —not the Indian Bolsheviks but India—is the same as toward Great Britain? If there exist in this world, in addition to Shachtman and Burnham, only two imperialist camps, then where, permit

me to ask, shall we put India? A Marxist will say that despite India's being an integral part of the British Empire and India's participating in the imperialist war; despite the perfidious policy of Gandhi and other nationalist leaders, our attitude toward India is altogether different from our attitude toward England. We defend India against England. Why then cannot our attitude toward the Soviet Union be different from our attitude toward Germany despite the fact that Stalin is allied with Hitler?

Why can't we defend the more progressive social forms which are capable of development against reactionary forms which are capable only of decomposition? We not only can but we must. The theoreticians of the stolen magazine replace class analysis with a mechanistic construction very captivating to petty-bourgeois intellectuals because of its pseudo-symmetry. (...) As if this "third camp" (what is it? a party? a club? a League of Abandoned Hopes? a "People's Front"?) is free from the obligation of having a correct policy toward the petty bourgeoisie, the trade unions, India and the USSR!"¹³⁸

"The occupation of eastern Poland by the Red Army is to be sure a "lesser evil" in comparison with the occupation of the same territory by Nazi troops. But this lesser evil was obtained because Hitler was assured of achieving a greater evil. If somebody sets, or helps to set a house on fire and afterward saves five out of ten of the occupants of the house in order to convert them into his own semi-slaves, that is to be sure a lesser evil than to have burned the entire ten. But it is dubious that this firebug merits a medal for the rescue."¹³⁹

"Can the present expansion of the Kremlin be termed imperialism? First of all we must establish what social content is included in this term. History has known the "imperialism" of the Roman state based on slave labor, the imperialism of feudal land-ownership, the imperialism of commercial and industrial capital, the imperialism of the Czarist monarchy, etc. The driving force behind the Moscow bureaucracy is indubitably the tendency to expand its power, its prestige, its revenues. This is the element of "imperialism" in the widest sense of the word which was a property in the past of all monarchies, oligarchies, ruling castes, medieval estates and classes. However, in contemporary literature, at least Marxist literature, imperialism is understood to mean the expansionist policy of finance capital which has a very sharply defined economic content. To employ the term "imperialism" for the foreign policy of the Kremlin — without elucidating exactly what this signifies — means simply to identify the policy of the Bonapartist bureaucracy with the policy of monopolistic capitalism on the basis that both one and the other utilize military force for expansion. Such an identification, capable of sowing only confusion, is much more proper to petty-bourgeois democrats than to Marxists."¹⁴⁰

Inverted Social-Imperialism as a Variation of Class-Collaboration

As a matter of fact, our opponents camouflage behind their "anti-imperialism" a banal form of opportunist capitulation to one particular imperialist camp — the anti-Western great powers China and Russia. In the case of Chinese, Russian, Indian and other Stalinists, we have before us a simple form of social-imperialism. In the case of the Western reformists and centrists who are pro-Russia and pro-Chinese, we are instead dealing with a specific variation of social-imperialism. These latter forces believe they are advocating "anti-imperialism" because, as Western socialists, they stand against their "own" imperialist bourgeois-

ie. However, leaving aside that, in the meantime, some of their leaders make quite good money by working for the Eastern imperialists,¹⁴¹ the Marxist classics have repeatedly demonstrated that there is not just a single form of social-chauvinism but rather several variants. In the chapter "Inverted Social-Imperialists" in our study on Russia, we have already shown that Lenin and Trotsky explained that, in addition to capitulation to one's own imperialist ruling class, there also exists social-chauvinism as capitulation to the ruling class of the rivaling imperialist powers. During World War I, a significant sector of the petty-bourgeois Jewish Bund in Russia supported the German imperialist camp, as they considered the Tsar to be the main enemy. Another famous example was the Russian-Jewish socialist Alexander Parvus, a former close collaborator with Trotsky in his younger days, as well as of the left-wing wing in German social democracy. He later became a reformist and collaborator of German imperialism.

Similarly, in the 1930s and during World War II, the German, Austrian, and Italian social democrats, Stalinists, and most centrists like the SAP supported Western imperialism. They justified their support for French, British, and US imperialism by stating that their main enemy was the fascist ruling class at home. When the ruling bureaucracy in the Soviet Union was in an alliance with Hitler in 1939-41, the Stalinists made advances towards the Nazis and focused their fire against the war-mongering "plutocratic democracies" Britain and France.

Lenin and Zinoviev gave the following comprehensive definition of social-chauvinism which made clear that this current includes not only those who support their "own" imperialist bourgeoisie but also those who support the ruling class of a rivaling imperialist power.

„Social-chauvinism is advocacy of the idea of "defence of the fatherland" in the present war. This idea logically leads to the abandonment of the class struggle during the war, to voting for war credits, etc. In fact, the social-chauvinists are pursuing an anti-proletarian bourgeois policy, for they are actually championing, not "defence of the fatherland" in the sense of combating foreign oppression, but the "right" of one or other of the "Great" Powers to plunder colonies and to oppress other nations. The social-chauvinists reiterate the bourgeois deception of the people that the war is being waged to protect the freedom and existence of nations, thereby taking sides with the bourgeoisie against the proletariat. Among the social-chauvinists are those who justify and varnish the governments and bourgeoisie of one of the belligerent groups of powers, as well as those who, like Kautsky, argue that the socialists of all the belligerent powers are equally entitled to "defend the fatherland". Social-chauvinism, which is, in effect, defence of the privileges, the advantages, the right to pillage and plunder, of one's "own" (or any) imperialist bourgeoisie, is the utter betrayal of all socialist convictions and of the decision of the Basle International Socialist Congress."¹⁴²

IV. AGAIN ON RUSSIA AS AN IMPERIALIST POWER

In this final chapter we will deal with our critics' arguments against the notion that Russia is an imperialist state. Naturally, here we will not repeat the arguments and facts which we have provided in our study of Russian imperialism. Rather, we will focus on replying to the positions advanced by our critics, providing some additional information and statistics as appropriate.

Russian and Foreign Monopolies in Banking

First, let us refute the claim that Russia is supposed to be financially dependent of foreign capital or even a semi-colony of German imperialism. Sam Williams, as well as others, suggests that Russia's banking sector is controlled by foreign banks.

*"In and of itself, the lack of a single Russian bank in the top 50 banks, and only two among the top 100, is suggestive but not decisive. In today's world, banking is highly centralized, and in many of the smaller imperialist countries all banking is foreign owned—though Russia is hardly a small country."*¹⁴³

Similarly, the LCFI claims that Russia (as well as China) is a semi-colonial country:

*"This makes quite clear that far from being Imperialist powers both Russia and China are no more than semi-colonial countries, albeit very large and advanced ones. They are not linked to the global web of US Imperialism in the same way as minor imperialisms like Holland and Belgium or allied to it in a more equal though still subordinate way like Japan, Germany, Italy, Spain and Canada. No, they are in the upper level of semi-colonial countries and recognise themselves as such by allying as the BRICS; Brazil, Russia, India, China and South Africa."*¹⁴⁴

However, as we have already shown, Russian state and private monopoly capital clearly dominates the country's economy, thereby making it significantly different from a semi-colony. This is also clearly the case in the financial sector. According to the economists Svetlana Kirdina and Andrei Vernikov, the combined market share of banks that were directly or indirectly controlled by the state reached 56 percent in 2012.¹⁴⁵ On the other hand, the market share of foreign-owned banks is only around 15%.¹⁴⁶ (See also Figure 33 and 4)

Andrei Vernikov gives the assessment that Russia's banking sector is under full control of a few state-capitalist financial monopolies, similar to China's, and contrary to the situation that reigns in the ex-Stalinist countries of Eastern Europe.

"The difference between Russia and Central and Eastern European economies is not in the pace of transition, as reform-thinkers often claim, but in the direction. Russian banking is evolving towards a quite different system that may well be the system existing in China and Vietnam. China, Russia and Vietnam all try to grow „national champions“ within the public sector. The number of such core banks varies from four in China and Viet-

*nam to five in Russia with combined market shares of 49% in Russia, 65% in China and 70% in Vietnam. True privatization of leading financial institutions has been carefully avoided and remains off the agenda, although private minority shareholding was made possible. (...) „By the end of the 2000 decade, state-controlled banks commanded 54.6% of total assets, thus constituting the core of the Russian banking industry. Concentration is growing within the public sector, and the main players controlled by the state (Sberbank, VTB group, Rosselkhoz-bank and Bank Moskovy) hold 81.7% of the group's assets."*¹⁴⁹

Jan Norden's *Internationalist Group* tries to belittle Russia's finance capital and its capital export. As we have shown in a quote made by the IG above, Norden indicates Russian banks play a small role internationally. and that the banking sector in Russia is smaller than in other imperialist economies. While it is certainly true that Russian financial capital is less developed than in various other imperialist countries, this is a result of the uneven development of capitalism and, in particular, of an emerging imperialist power where the capitalist law of value was only introduced in the early 1990s. As we have shown in our historic references above, such unevenness has been a feature of various imperialist powers in the past. Russia's banking sector before 1917, for example, was very underdeveloped and largely dominated by foreign capital. This however did not stop Lenin and the Bolshevik Party from considering Russia as an imperialist power.

However, Norden incorrectly downplays the role of Russian banking capital by suggesting that, since its banks are largely state-owned, they do not really reflect capitalist finance capital. As we have shown above, such contentions reflect a non-Marxist understanding of state capitalism.

The strong role of the state monopolies as well as their thoroughly capitalist character becomes obvious, yet again, if we look at their role in the Moscow Stock Exchange. In Table 32, we see the market capitalization of the state-controlled monopolies which are listed.

In conclusion, if we add to the above the fact, demonstrated in our Russia study, that the country has a relatively low level of foreign debts and, at the same time, huge foreign exchange reserves, we can clearly conclude that Russia is in no way a semi-colony financially dependent of Western imperialism.

One is reminded, here, of the specifics of Germany in the inter-war period of the 1920s and 1930s. Richard Sorge pointed out at that time that it would be wrong to confuse a weak imperialist power, which lacks certain features of classic imperialism, with a non-imperialist country.

"The point is to become an important imperialist power, not if it has an imperialist character as such. The issues of Germany's military weakness, its relative minor position in world politics, its relative weak penetration of economic areas outside of Europe do not determine its character, i.e. if it has an imperialist or a

non-imperialist character, but determines only its importance as an international factor of power.”¹⁵¹

“We have to understand that its (Germany’s, M.P.) position of power is still weak. Germany, despite its obvious imperialist character, is only at the beginning of regaining its imperialist position of power. One has to differentiate sharply between the imperialist character and the imperialist position of power.”¹⁵²

Who Controls Russia’s Monopolies?

The LCFI and others claim that Russia’s monopolies are in fact controlled by foreign capital. As the LCFI has written: “But we must ask who owns these “Russian monopolies”? The energy giant Gazprom is just over 50% state owned but most of the rest of the shares is in the hands of foreign capital. And most of the rest of the major “monopolies” in Russia and China which are listed as “state owned” are considerably less than 50% state owned, 25% being typical and as low as 13% in some cases. Of course western imperialists complain bitterly that this is grossly unfair, that they should be allowed free access to all shares and not just to the “B” shares that are freely floated. And Pröbsting can point to foreign direct investment (FDI) inward and outward and the “round tripping” of oligarch’s funds to Cyprus etc so they can reinvest them in Russia tax free but always he avoids the entire global picture in his eagerness to make his imperialist point.”¹⁵³

“Foreign investors continue to have a decisive influence over the Russian stock market. According to Sberbank KIB analysts, they own about 70 percent of free floating Russian shares.”¹⁵⁴

As we have elaborated in our study, Russia is a highly monopolized economy. The thirty-two largest of these monopolies – also called “financial-industrial groups” (FIG) in Russia – control almost 51% in Russia’s GDP. (See Figure 5)

As we see, Russia’s monopolies enjoy dominance in the economy similar to that of Keiretsu in Japan or Chaeboli in South Korea.

A quarter of these monopolies are owned or controlled by the federal state, so the state is responsible for about 44% of GDP (25.4% – state-run FIG and 18.5% directly with state budget).

Private FIGs make 21% of GDP in Russia. Monopolies controlled by regional authorities (such as Moscow group or Tatarstan group) make 4-5% of GDP. This is still twice as large as those controlled by foreign investors (2.6% in 2009; see Figure 6)

The most important FIGs are in the oil and gas sectors. Together they account for 21% in Russia’s GDP. Diversified groups such as Alfa/Renova or MDM) produce about 7% of GDP; steel-making groups are responsible for almost 6%, followed by machine-building FIGs and financial groups (almost 3% of the GDP; see Figure 7)

In Figure 8, we can see the dominant role of Russian monopolies in the country’s major industries which control: almost 99% of oil and gas production; 98% of non-ferrous metal production; 96% of steel and rolled metal products; 90% of the telecom market; 89% of energy generation; 72% of freight and passenger transportation; and 62% of chemical output. However the share of monopolies in mining is only 55% and only 27% in the financial market.

In conclusion, we see that Russian monopolies play an extremely dominant role in the country’s economy, which is controlled by them and in no way by foreign capital.

Russia’s Foreign Investment and Foreign Policy

The IG also makes reference to Russia’s capital export:

“As for export of capital, Russia is in an intermediate position between imperialist countries and neo-colonial countries. Thus Russian total foreign investment amounts to 21% of GDP, far less than Sweden (78% of GDP), Great Britain (74%) France (54%), Germany (46%) or the U.S. (35%), or even Chile (37%); substantially more than Brazil and Mexico (around 10%) and about the same as South Africa (22%). In addition, while in imperialist countries foreign investment outside the country (44% of GDP in “developed economies”) almost always exceeds foreign investment inside the country (33% of GDP), in Russia outward foreign direct investment (21% of GDP) is less than inward FDI (26%), though the gap is not nearly as great as with the larger semi-colonial countries where capital inflows can be double or triple the outflows.”¹⁵⁹

“Russia has a capital shortage and is a net importer of capital. (...) In short, on the criterion of exporting capital, Russia is far from qualifying as an imperialist country.”¹⁶⁰

Naturally, Russia has less accumulated capital abroad, since it effectively started to export capital only in the late 1990s. This is hardly surprising. However, to understand Russia’s character as an emerging imperialist power, one has to examine the cumulative rate of capital export by Russia in the past years. As we have shown in Table 5, Russia’s capital export in the recent past has been on the level of Germany and other imperialist countries.

Various critics have referred to the large amount of “round-tipping” of Russia’s capital export. We have already drawn attention to this fact ourselves in our study. However, it is important to recognize that capital flight is a feature in nearly all imperialist countries. Gabriel Zucman, a disciple of Thomas Piketty (“*Capital in the Twenty-First Century*”) recently published a study calculating that, as of 2008, only about \$5.9 trillion in financial wealth (i.e., excluding works of art and real estate) were kept in tax havens by the global rich.¹⁶¹ The *Tax Justice Network* puts the figure higher at \$21 to \$32 trillion as of 2010.¹⁶² And a recent study by *The Economist* – hardly a source which can be accused of anti-capitalism – calculates that “[o]ver 30% of global foreign direct investment is booked through havens.”¹⁶³

Norden also claims that Russia’s has only miniscule foreign investment in semi-colonial countries, where it is placed to super-exploit the local labor force:

“The figures show nothing of the sort, giving no indication of actual amounts of investment. With this sleight of hand, he is hoping that readers won’t recall that a previous table (No. 4) showed that less than 4% of Russia’s foreign investment went to Central Asia, Eastern Europe and the Balkans. Even if a portion of transfers to tax havens are actually investments in offshore Russian companies, such as Lukoil’s U.S. operations headquartered in the British Virgin Islands, very little of these are invested in Central Asia and Eastern Europe.”¹⁶⁴

However, this is nonsense. In our study, we have shown that, if one eliminates the pseudo capital export to offshore centers and calculates the remaining foreign investment, it turns out that Russia’s monopolies invest about 36% of their FDI in semi-colonial countries.

Also, according to Norden, Russia’s monopolies have only limited influence in the Ukraine.

“Russian companies have limited clout in Ukraine, as “pro-Russian” and “pro-Ukrainian” oligarchs have united to keep their

Figure 3 Combined Market Shares of Russian Banks by Form of Ownership as of End of Respective Year, 2000-2011 ¹⁴⁷

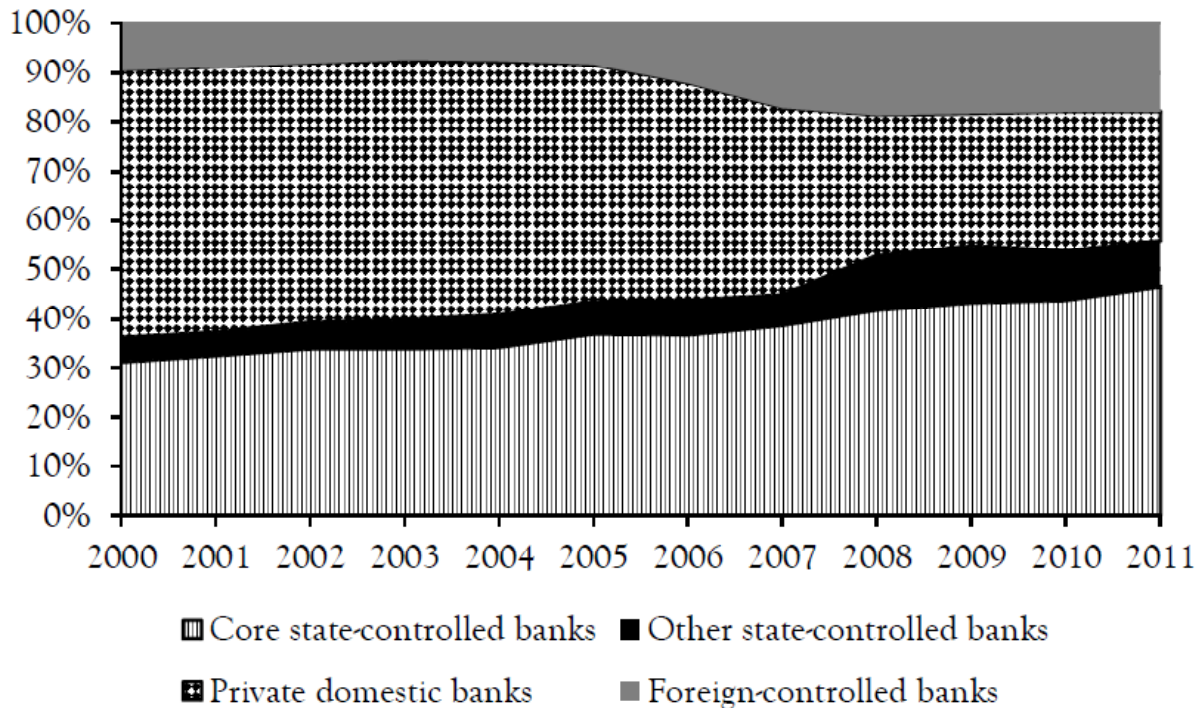
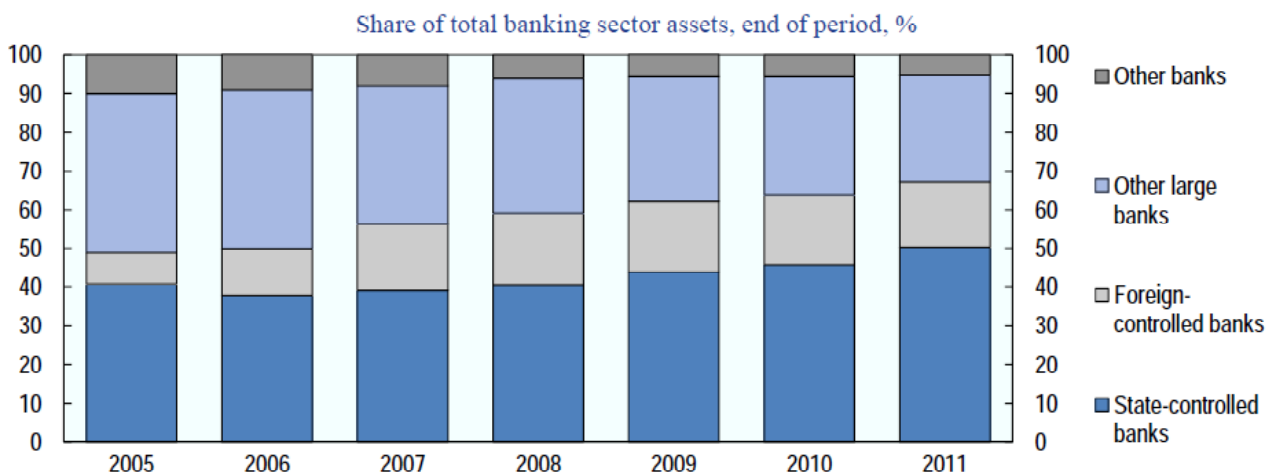


Figure 4 Structure of the banking system 2005-2011 ¹⁴⁸



Note: Other banks and other large banks are private domestically-controlled banks.

Table 31 Table: Top 12 SOEs traded on the Moscow Stock Exchange 2012 ¹⁵⁰

Issuer	State ownership (%)		Market Capitalization RUB Million
	Direct	Total	
Gazprom	38.4	50.1	3,303,165
Rosneft	0	75.2	2,632,056
Sberbank	50.1	50.1	2,018,811
VTB Bank	75.5	75.5	550,852
Federal Grid Company of Unified Energy System	79.6	83.2	271,802
RusHydro	60.5	60.5	223,185
Transneft	78.1	78.1	106,509
Interregional Distribution Grid Companies Holding	54.5	63.7	95,839
Mosenergo	26.4	85	55,216
Aeroflot	51.2	51.2	48,312
United Aircraft Corporation	84.3	93.4	31,944
RAO Energy System of East	0.1	65.6	10,666

richer Russian cousins out. (...) Russian firms have also been largely excluded from the steel industry: when the largest mill, Kryvorizhstal, was privatized in 2004, the Russian company Severstal was excluded, and the initial award to eastern Ukrainian steel baron Rinat Akhmetov was reversed on presidential orders. The plant was then sold to Arcelor Mittal Steel with a loan from Citigroup. In 2010 the government awarded the second largest steel complex, the Ilyich Steel and Iron Works, to Akhmetov in order to keep Russian investors out."¹⁶⁵

The above claim is also untrue. Russian monopoly capital is one of the three big foreign investors in Ukraine (alongside Germany and Austria). Russian corporations like Gazprom, Lukoil, TNK BP, RUSAL, and the Alfa Group dominate the oil refining, metallurgy, and aluminum sectors, and also play a leading role in other key industries like gas and telecommunications (see Table 33).

Of course, this situation might now change after the overthrow of the Yanukovich government in the spring of 2014 and the coming to power of a right-wing, pro-Western government. But this does not eliminate the fact that Russian imperialism may yet play a leading role in the Ukraine for many years to come, even if it has recently lost a power struggle against his Western rivals.

Another erroneous claim of Jan Norden is the following: "In ex-Soviet Central Asia there are no Russian military bases, nor has Moscow used military pressure to dominate the region."¹⁶⁷

However, as we have shown in our study, Russia in fact has military basis in Kazakhstan, Kyrgyzstan, and Tajikistan, all located in Central Asia.¹⁶⁸

Yet another argument of Norden against Russia's status as an imperialist power is its lack of influence in the South:

"As for dividing up the world territorially, Russia hasn't been notably successful in that department either."¹⁶⁹

But, as we have shown above, firstly Russia has a number of internal colonies. Secondly, it plays a leading role in a number of Eastern European and Central Asian countries. In addition to these facts, one must not forget that other imperialist powers, like Germany in the past, also lacked colonies. Tsarist Russia, too, was hardly able to participate in the division of the world before WWI. Richard Sorge, writing about German imperialism, commented:

"Its lack of colonies is also often mentioned as proof for the non-imperialist character of Germany's foreign policy and the German state. (...) But it is the unlimited drive for new areas which could constitute monopolistic investment and raw material areas for the big finance-capitalist trusts, which gives Germany's struggle for colonial possessions, an imperialist character."¹⁷⁰

Excuse: Eurasianism and Putin's Bourgeois Allies in Western Europe

Russia's imperialism is not a defensive project, as their ideological proponents both on the left and the right claim. It is an international project aimed at establishing a larger Eurasian empire. The fact that, in implementing this project, it is still lagging far behind the US does not alter the basic reality. Neither is its offensive character altered by the claim of leading Eurasianist ideologists, like Evgeniy Fyodorov, that they are fighting for the "national liberation of Russia" which is currently supposed to be a "colony" and "occupied by the USA."¹⁷¹

The ideological current advocating the formation of such

an empire with Russia as its centre is called *Eurasianism*. This movement has its roots in various anti-communist Russian émigré groups in the 1920.¹⁷² Today, its leading ideologist is Aleksandr Dugin. Dugin is a Moscow professor, author of numerous books and an influential advisor to the Putin regime. Dugin, a former supporter of the fascist *National-Bolshevik Party* of Eduard Limonov, has built an influential network of intellectuals not only in Russia but also in Central Asia, Turkey, and Western Europe.

The *Eurasian* movement is extremely reactionary in nature, lauds great power chauvinism and authoritarian forms of bourgeois regimes, and also includes a number of positions akin to fascism. It calls for the formation of a totalitarian empire with Russia as its center which will form an alliance with Europe against the US. As Dugin writes:

"Russia is the incarnation of the quest for an historical alternative to Atlanticism. Therein lies her global mission."¹⁷³

The Eurasian movement has already found a number of supporters in Western Europe. In the recent past, a number of such right-wing forces have expressed their admiration for the Putin regime, as well as their support for its policy. Conferences have already been held to organize these reactionary parties. For example, the Russian oligarch Konstantin Malofeev and his *Saint Basil the Great Charitable Foundation* organized a conference held on 31 May 2014 which was attended by a number of far-right politicians and ultra-conservative Eurasian ideologists. Malofeev is a Russian oligarch and multibillionaire, owner of the Moscow-based Marshall Capital. He has close ties with the Russian regime and is known as "Putin's Soros." He finances pro-Russian movements abroad. Igor Girkin/Strelkov, the military commander of separatists in eastern Ukraine, served for many years as Malofeev's security chief. Aleksandr Borodai, who currently serves as prime minister of the Donetsk People's Republic is also a former employee of Malofeev.

According to the Swiss newspaper *Tages-Anzeiger* the conference was attended by Aleksandr Dugin. Other important participants of the conference were deputies of the French *Front National* like Marion Maréchal-Le Pen (granddaughter of the party's founder and niece of its current president, Marine Le Pen) and Aymeric Chauprade (who is the anti-American National Front foreign-policy chief). In addition, Heinz-Christian Strache, the chairman of the right-wing populist *Freedom Party of Austria* and his colleague Johann Gudenus participated in the conference. (Gudenus visited Putin's Quisling Ramzan Kadyrov in Grosny in 2012 and stated afterwards that nobody is persecuted in Chechnya.) Volen Siderov, the chairman and founder of the far-right *Ataka* party, came from Bulgaria, and other pro-Russia right-wing extremists came from Hungary, Croatia, Georgia, and Russia. Prince Sixtus Henry of Bourbon-Parma, Spanish leader of the Catholic-monarchist *Carlist* movement, also took part, as did as Serge de Pahlen, director of the Geneva financial company Edifin and husband of the Fiat heiress Countess Margherita Agnelli de Pahlen.¹⁷⁴

This evolving pro-Putin international right-wing alliance also includes other political parties, as has been reflected in various earlier events. Filip Dewinter, a senior member of the right-wing Flemish party *Vlaams Belang* in Belgium recently said: "I think we can be a good partner for Russia in the European Parliament. (...) And Russia sees us as a potential

Figure 5 Russia's GDP by Contributor (in US\$ Billions and as a Share) ¹⁵⁵

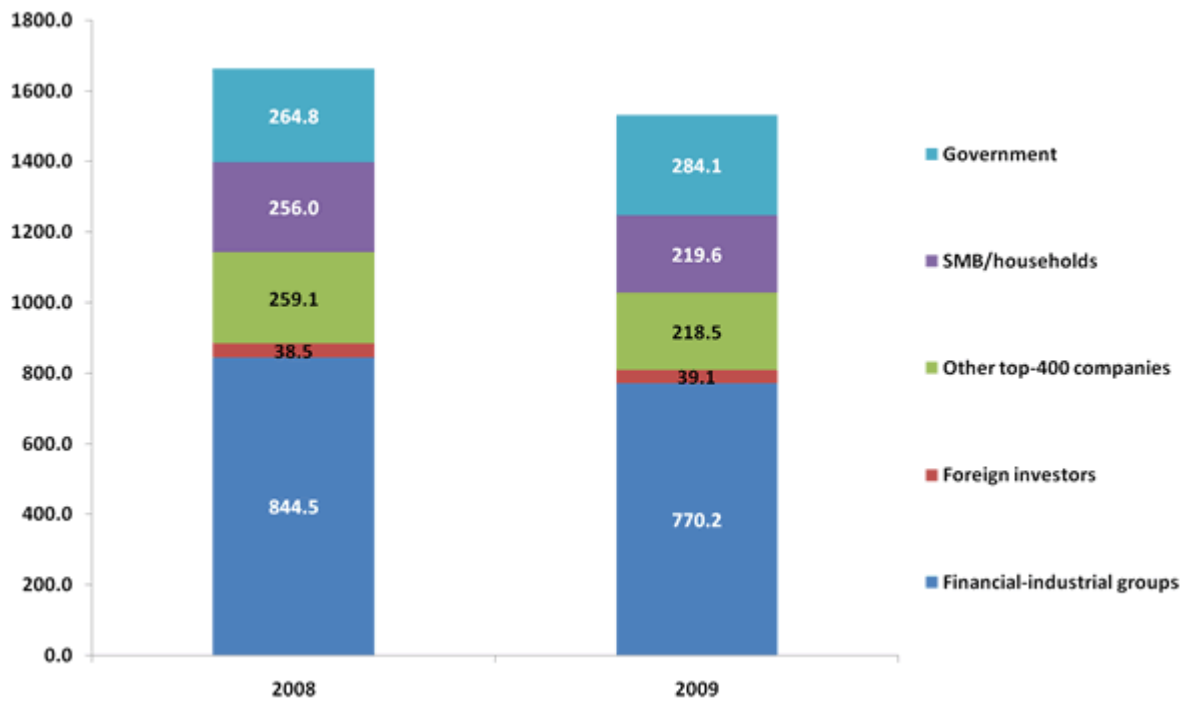
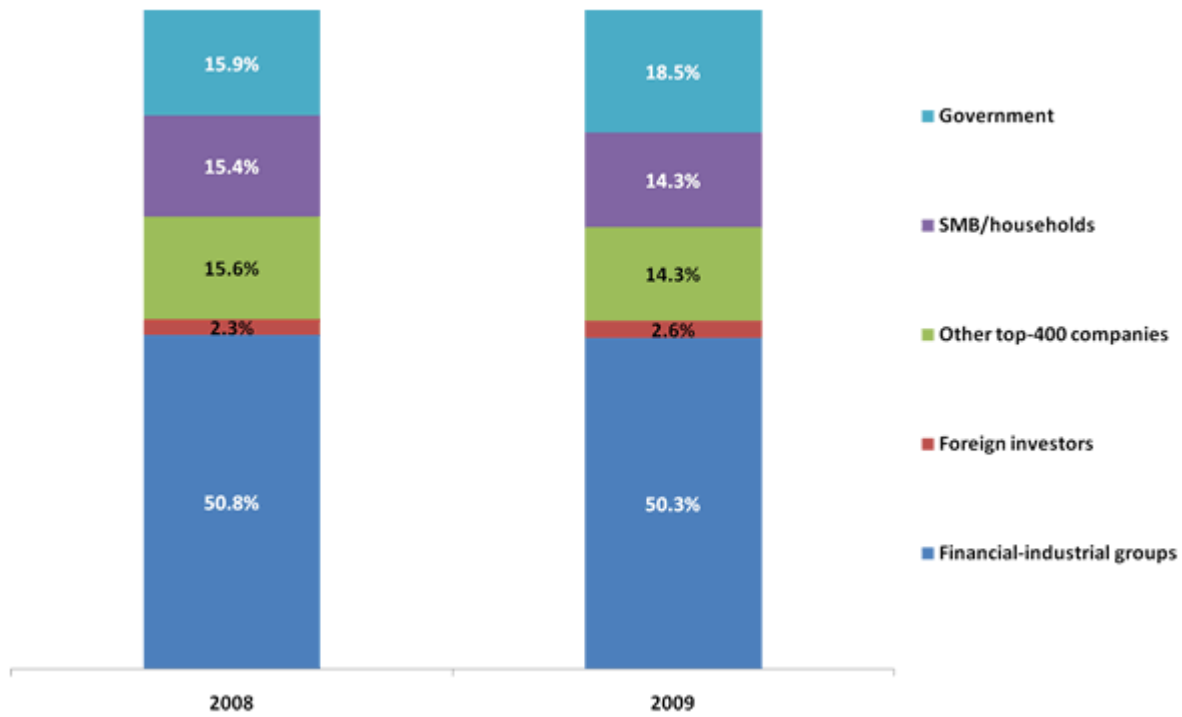


Figure 6 Russia's Financial-Industrial Groups' Share in GDP by Ownership ¹⁵⁶

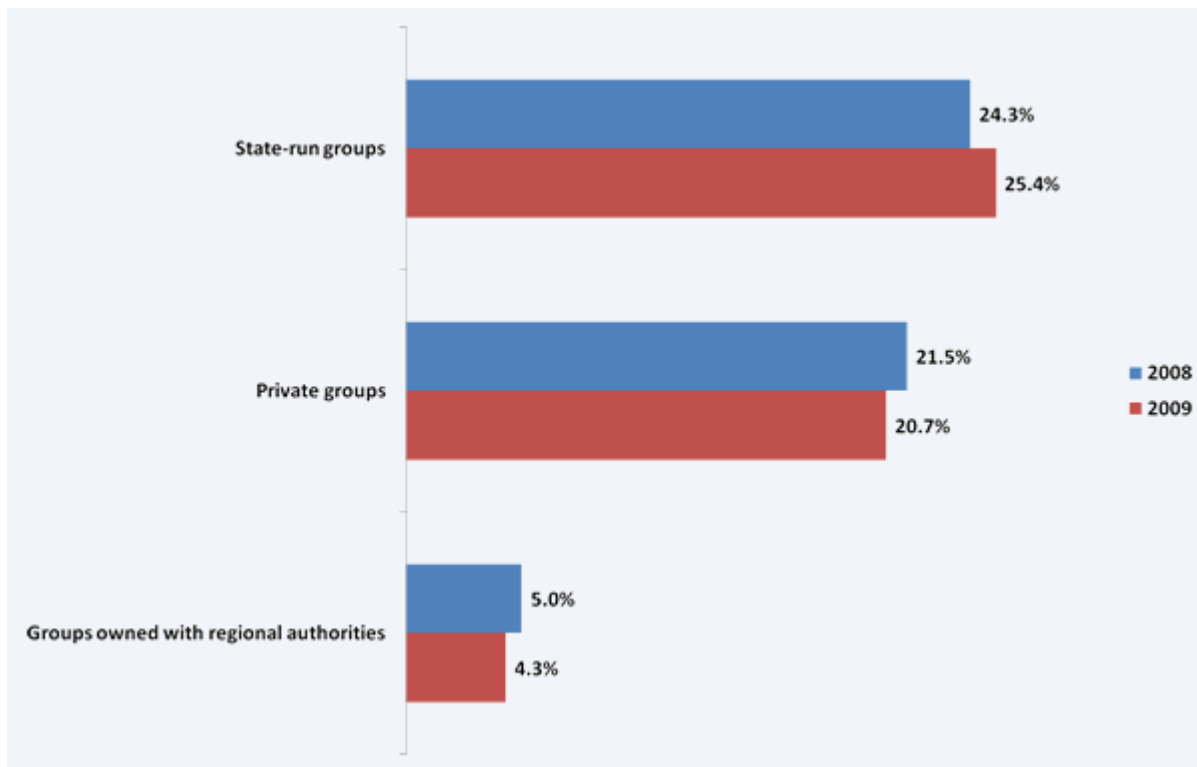


Figure 7 Financial-Industrial Groups' Share in GDP by Industry ¹⁵⁷

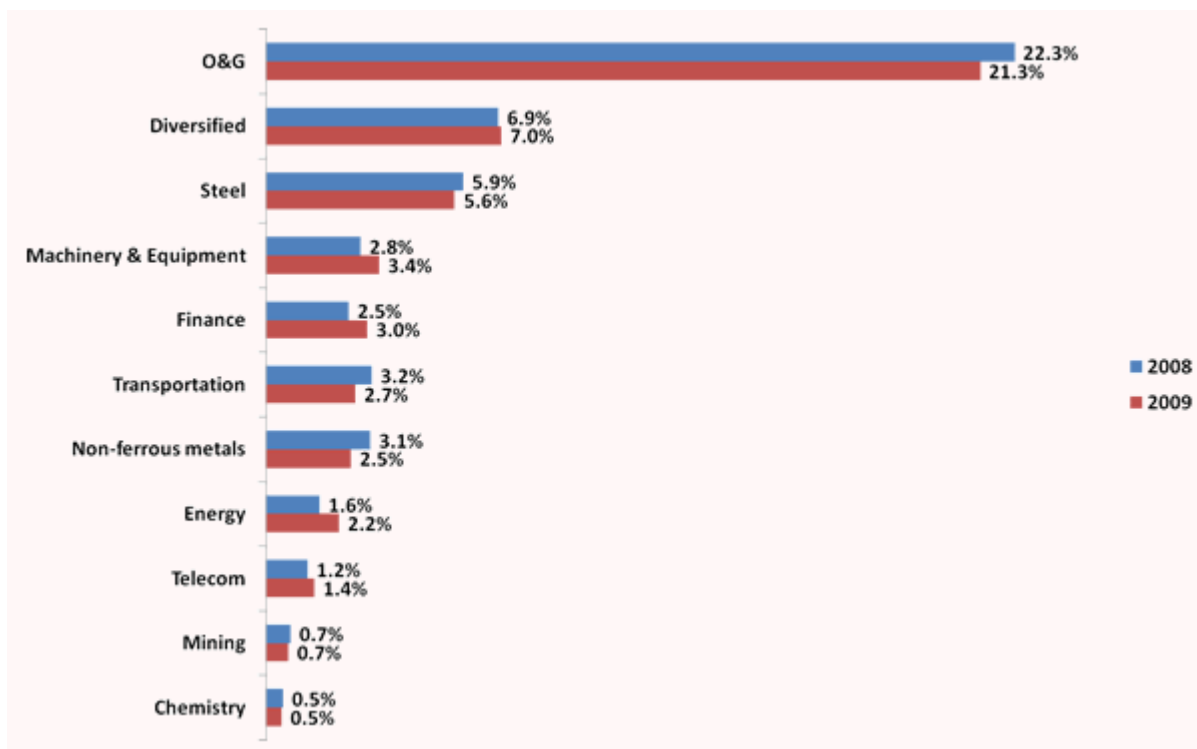
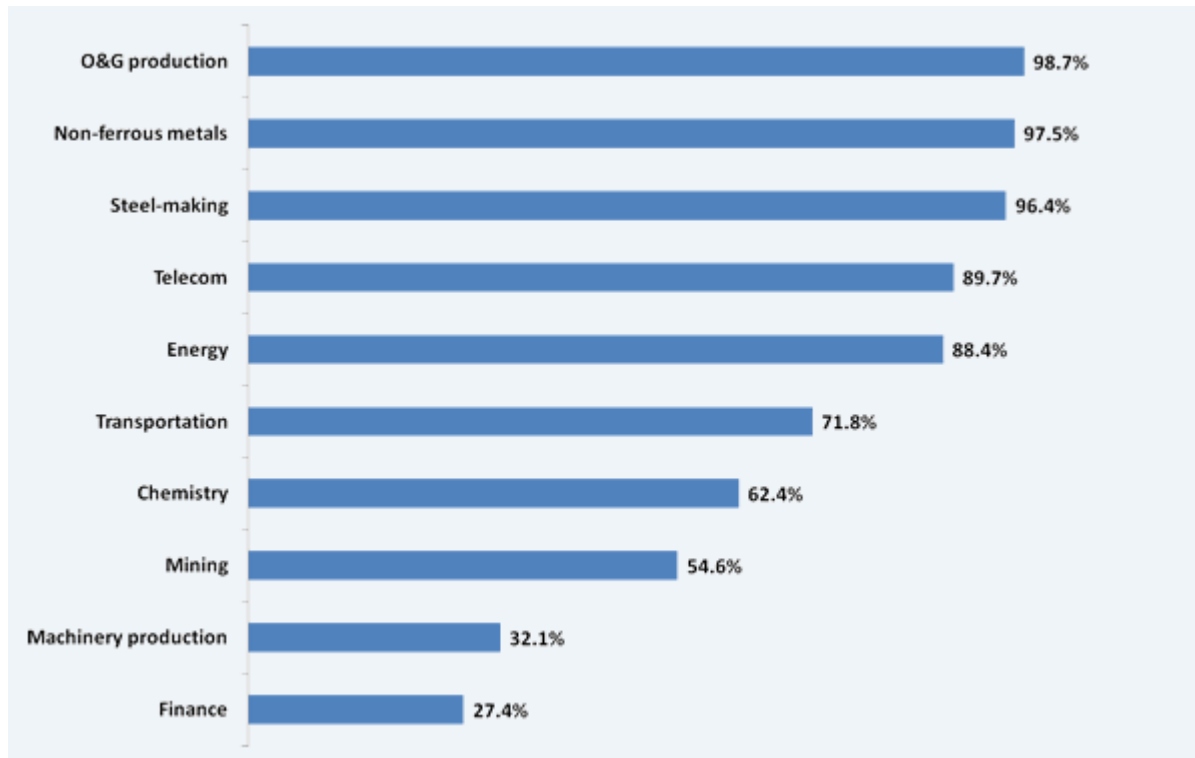


Figure 8 Financial-Industrial Groups' Role in Russia's Major Industries ¹⁵⁸**Table 31** The Share of Russian Capital in Ukrainian Industries in 2007 ¹⁶⁶

<i>Industry</i>	<i>Russian capital, %</i>	<i>Companies operating</i>
Oil refining	90,0%	Lukoil, TNK BP, Tatneft
Gas	20,0%	Gazprom
Metallurgy	66,7%	Evrast Group, Smart group
Non-ferrous metallurgy	20,0%	
Aluminum	90,0%	RUSAL
Mechanical Engineering	33,0%	Smart group, RUSAL
Telecommunications	38,5%	Alfa group, AFK System
Banking	7,0%	Alfa Bank
Electricity	36,0%	Renova, Luzhniki, Energy standard

partner." The Italian right-wing party Lega Nord is also flirting with Putin.¹⁷⁵ Another partner is the fascist *Jobbik* party in Hungary.

So, we see, a number of important right-wing parties in Europe – like the French *Front National*, the Austrian FPÖ, the Italian *Lega Nord*, the Hungarian *Jobbik* party, and the Bulgarian *Ataka* – are opposing the EU stand against Russia and support an alliance with Putin.

We have shown above how a large sector of the Western reformist and centrist left utilizes their revisionist distortion of Lenin's theory of imperialism and their complete failure to understand the nature of China and Russia as emerging imperialist powers in order to justify their political adaption to the Eastern imperialist powers. These inverted social-imperialists wrongly claim that their support for "the enemy of my own government" is automatically a sign of their anti-imperialism and internationalism.

However, these petty-bourgeois agents inside the workers' movement have their counterparts in the camp of the bourgeoisie, i.e., the reactionary supporters of Putin among the far-right and fascist parties in Europe. They too support "the enemy of my own government."

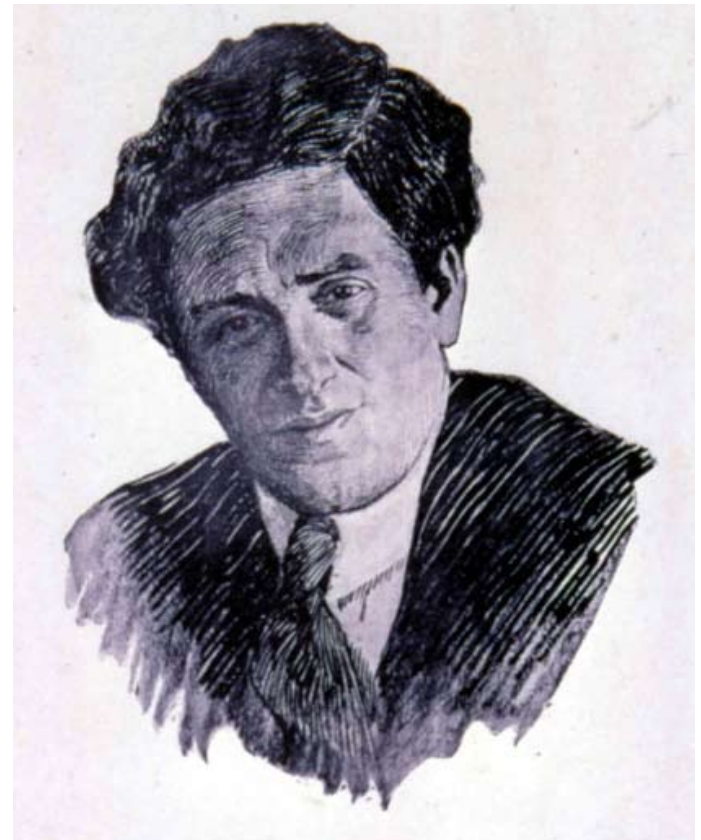
On first sight it may appear paradoxical that these fanatical heralds of imperialist patriotism collaborate with the enemy of "their own country." But, in fact, it is not a paradox and historically there have been precedents for this. During the French Revolution in 1789-94, the royalist supporters allied themselves with the counterrevolutionary monarchies in Europe in order to overthrow the new Jacobin government in their own country. Similarly, in the 1930s and 1940s, many fascist and semi-fascist organizations in France and Britain supported Hitler against their own country.

To understand this phenomenon, one must never forget

that the bourgeoisie – while often utilizing patriotism as an ideological instrument to bind the working class – is by its very nature not a patriotic class. First and foremost, the bourgeoisie are dedicated to making profits, and patriotism must not stand in the way of achieving this goal. Hence, capitalists have no problem in transferring their factories and investments to another country from one day to the next if they hope to find better business opportunities. Similarly, the huge majority of the French bourgeoisie was ready to accommodate with the German occupation after they lost the war in June 1940.

However, during the current phase of history, European monopoly capital – with the exception of sectors of the British bourgeoisie – stands solidly behind the European Union and their imperialist project. However, the open opposition of Europe's far-right and fascist forces reflects that there are sections among the petty-bourgeois intellectuals and the bourgeoisie which are thinking about an imperialist Europe which more forcefully attacks democratic rights at home and implements a foreign policy which is hostile to US imperialism. At the same time, they see the authoritarian Putin regime, with its repression against oppositionists, its open nationalism and étatism, its praise for conservative morality and the orthodox Christian church, and its disgust with the rights of national minorities, as well as those of homosexuals, as inspirational for their own plans of attacking democratic rights in Europe.

So while the inverted social-imperialists in the West look for an alliance with Putin against Western imperialism in the name of Marxism, the Eurasians and the European far-right are similarly looking for an alliance with Moscow as a tool against Western imperialism in the name of "traditionalism."



Leading Collaborators of V.I. Lenin: Nikolai Bukharin (left) and Gregory Zinoviev (right)

V. SUMMARY

Let us now summarize the main conclusions of our booklet. The new historic period which began in 2008 is characterized by an acceleration in the decline of capitalism, which in turn exacerbates all the basic contradictions of this system, one of them being inter-imperialist rivalry. This rivalry is most intense between the older imperialist powers in the West (US, EU, and Japan) and the emerging imperialist powers, China and Russia.

This intensified rivalry between imperialist powers inevitably increases confusion and makes more the divisions inside the workers' movement. It deepens the opportunist adaptations of various currents in the workers movement and also gives rise to new forms of opportunism. As a result, the left-reformists and centrists increasingly take an abstentionist position in the class struggle, or even stand on the counter-revolutionary side of the barricades. Basically we can distinguish four different trends:

i) The *pro-Western social-imperialists and social-pacifists* capitulate to the old Western imperialist powers by either openly supporting their wars or by failing to support the resistance against them (e.g., Afghanistan, Iraq, Mali, Gaza).

ii) The *pro-Eastern social-imperialists and social-pacifists* openly or covertly support the emerging imperialist powers in the East (e.g., the Ukraine, Syria, East Asia).

iii) The *Imperialist Economists* recognize the imperialist nature of both the great powers in the West as well in the East, but fail to understand the nature of the increasing number of just national and democratic movements and uprisings.

iv) The *Proletarian Internationalists* – to which the RCIT belongs – take a consistent and intransigent approach against all imperialist powers based on the Bolshevik's program of "*revolutionary defeatism*." This means that they refuse to support any of the imperialist powers in a conflict and fight instead under the slogan "the main enemy is at home." At the same time, they support all just national and democratic movements of the oppressed masses while fighting against imperialist interference and for a program of class independence and socialist revolution. These are the only consistent Marxist and revolutionary tendencies.

We have also shown that behind the ideological justification of the pro-Eastern social-imperialists lies a flawed understanding of Lenin's conception of finance capital. While authentic Marxists understand finance capital as the fusion of industrial and banking capital, our critics view it only as banking or financial capital. Similarly, they view the financial sector as the decisive sector in assessing the nature of a capitalist state. Related to this error is their basic failure to understand the state-capitalist nature of the state sector under capitalism. As a result, they view China either as a workers' state or as a semi-colonial country and similarly also see Russia as a non-imperialist state.

On a more general level, these revisionists fail to understand the disparity between the imperialist powers, which has always been a key feature of the present epoch which started in the late 19 century. They are either ignorant of or

fail to draw the conclusions from the tremendous unevenness in the development of the various imperialist powers which existed when Lenin and later Trotsky were elaborating their views on imperialism.

Related to this grave failing is the revisionists' notion of the convergence between the imperialist powers under the leadership of the US. This is a latter-day approximation to Karl Kautsky's concept of "ultra-imperialism" which was correctly condemned by Lenin as a utopian and reactionary theory. Similarly, we reject theories which posit the existence of a separate category of states in addition to imperialist and (semi) colonial states – i.e., the theory of the "transitional" or "sub-imperialist" state. Our critics who claim to adhere to Lenin's theory are in fact de-revolutionizing his method, i.e., they are "*De-Leninizing*" Leninism.

Based on current as well as the historic evidence, and in opposition to the revisionists, true Marxists recognize the disparity between the imperialist powers and take particular note of the emergence of China and Russia as imperialist powers. We define an imperialist state as a capitalist state whose monopolies and state apparatus have a position in the world order which first and foremost allows them to dominate other states and nations. Thus domination brings these monopolies and their home states extra-profits and other economic, political and/or military advantages from a relationship based on super-exploitation and oppression.

Consequently, the RCIT rejects the political positions taken by the pro-Eastern social-imperialists which, in the name of "anti-imperialism," support China and Russia in their imperialist rivalry against the West. We define their approach as social-imperialist capitulation to enemies of the working class and the oppressed, by Eastern imperialist states which are no better than their Western counterparts.

Finally we have dealt with our critics' arguments which deny Russia's nature as an imperialist power. We have demonstrated that those who cast doubt on the dominance of Russia by its domestic monopolies, or who belittle its international position, grossly fail to recognize actual developments. We have also elaborated on the ideology of the Putin regime – called *Eurasianism* – which seeks to justify the formation of a new empire with Russia as the leading force. We have shown that Putin has successfully grouped around himself a number of bourgeois allies in Western Europe around his Eurasian project.

The struggle against all forms of social-imperialism – either pro-Western or pro-Eastern – as well as against economist indifference towards the just national and democratic movements of the oppressed masses is a chief task for all authentic Marxists. This can only be achieved by building a new, authentic revolutionary leadership – i.e., revolutionary workers' parties as part of the new Fifth International – which can and must remove the reformist and centrist misleaders and thereby assist the working class in steering the correct course in its class struggle.

ENDNOTES

1 See for example the following documents from the RCIT:

RCIT: On the 100th Anniversary of the Outbreak of World War I: The Struggle against Imperialism and War. The Marxist Understanding of Modern Imperialism and the Revolutionary Program in Light of the Increasing Rivalry between the Great Powers, Revolutionary Uprisings, and Counterrevolutionary Setbacks, 25.6.2014, <http://www.thecommunists.net/theory/struggle-vs-imperialism-war/>

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

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

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

Michael Pröbsting: *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital Consequences for the Marxist Theory of Imperialism*, 2013, 448 pages, <http://www.great-robbery-of-the-south.net/>; in March 2014 the publishing house PROMEDIA published a shortened German-language translation of this book (see: <http://www.mediashop.at/typolight/index.php/buecher/items/michael-proebsting---der-grosse-raub-im-sueden>; The title is: *Der Grosse Raub im Süden. Ausbeutung im Zeitalter der Globalisierung*). A summary of the book can be read here: <http://www.thecommunists.net/theory/great-robbery-summary/>

Michael Pröbsting: China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power, August 2012, in: *Revolutionary Communism* No. 4, <http://www.thecommunists.net/publications/revcom-number-4>

Michael Pröbsting: Russia as a Great Imperialist Power. The formation of Russian Monopoly Capital and its Empire – A Reply to our Critics, 18 March 2014, in: *Revolutionary Communism* No. 21, <http://www.thecommunists.net/theory/imperialist-russia/>

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

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

Michael Pröbsting: Liberation struggles and imperialist interference. The failure of sectarian "anti-imperialism" in the West: Some general considerations from the Marxist point of view and the example of the democratic revolution in Libya in 2011, in: *Revolutionary Communism* No. 5, <http://www.thecommunists.net/theory/liberation-struggle-and-imperialism/>

Michael Pröbsting: „Umwandlung des imperialistischen Krieges in den Bürgerkrieg“. Lenin, die Bolschewiki und ihr Kampf gegen den imperialistischen Krieg (Transformation of the Imperialist War into Civil War. Lenin, the Bolsheviks and their Struggle against Imperialist War), in: *Revolutionärer Marxismus* Nr.40, <http://www.thecommunists.net/theory/lenin-und-der-imperialistische-krieg/>

2 See for example:

Sam Williams: Is Russia Imperialist?, <http://critiqueofcrisistheory.wordpress.com/is-russia-imperialist/>

Michael Burke (Socialist Action, Britain): What is the Current Phase of Imperialism? *Socialist Economic Bulletin*, 13 May 2014, <http://socialisteconomicbulletin.blogspot.co.uk/2014/05/what-is-current-phase-of-imperialism.html>

Roger Annis: The Russia as 'imperialist' thesis is wrong and a barrier to solidarity with the Ukrainian and Russian people, June 18, 2014, Truth Out, <http://truth-out.org/opinion/item/24428-the-russia-as-imperialist-thesis-is-wrong-and-a-barrier-to-solidarity-with-the-ukrainian-and-russian-people>

Louis Proyect: Is Russia imperialist? A reply to Roger Annis and Sam Williams, June 22, 2014, <http://louisproyect.org/2014/06/22/is-russia-imperialist-a-reply-to-roger-annis-and-sam-williams/>

Louis Proyect: Addendum to "Is Russia Imperialist" – what to make of state ownership of Gazprom, June 24, 2014, <http://louisproyect.org/2014/06/24/addendum-to-is-russia-imperialist-what-to-make-of-state-ownership-of-gazprom/>

Liaison Committee for the Fourth International: Defeat imperialism and Nazism in Ukraine! United Front with Putin, the devil and his grandmother! 8/2/2014, <http://socialistfight.com/2014/03/07/defeat-imperialism-and-nazism-in-ukraine-united-front-with-putin-the-devil-and-his-grandmother/>

For some examples of polemics against the RCIT from critics who deny the character of China and Russia as emerging imperialist powers see:

Chris Slee (Socialist Alliance, Australia): Discussion: Are Russia and China imperialist powers? April 7, 2014, *Links International Journal of Socialist Renewal*, <http://links.org.au/node/3795>

WIVP: For a workers united front to defeat fascism in Ukraine, 26.2.2014, <http://www.workersinternational.org.za/ukrainefascism25.2.2014.htm>

Internationalist Group: The Bugbear of "Russian Imperialism", May 2014, <http://www.internationalist.org/bugbearussianimperialism1405.html>

Liaison Committee for the Fourth International: Russia and China are NOT Imperialist states, 4 June 2014, <http://socialistfight.com/2014/06/19/russia-and-china-are-not-imperialist-states-statement-by-the-liaison-committee-for-the-fourth-international-on-the-useunato-attack-on-the-ukraine/>

3 See PCF: L' intervention militaire française comporte de grands risques de guerre (12.1.2013), <http://www.pcf.fr/33977>; PCF: C'est le Mali qu'il faut reconstruire, (11.1.2013), <http://www.pcf.fr/33940>. For the RCIT position as well as our criticism of the reformists see: RCIT: Down with France's Colonial War in Mali! Solidarity with the Resistance! 19.1.2013, <http://www.thecommunists.net/worldwide/africa/no-tofrance-s-war-in-mali>

4 See e.g. EL Executive Board meeting: The ELP condemns the violent escalation by the Israel government in Gaza strip and urges the EU to recognize the state of Palestine, Copenhagen, 2012-11-17/18, http://www.european-left.org/nc/english/home/news_archive/news_archive/zurueck/latest-news-home/artikel/the-elp-condemns-the-violent-escalation-by-the-israel-government-in-gaza-strip-and-urges-the-eu-to-re/; Gregor Gysi: Die Haltung der deutschen Linken zum Staat Israel, Vortrag von Dr. Gregor Gysi auf einer Veranstaltung „60 Jahre Israel“ der Rosa-Luxemburg-Stiftung am 14.4.2008, http://www.juedische.at/TCgi/_v2/TCgi.cgi?target=home&Param_Kat=3&Param_RB=33&Param_Red=9722;LINKE weist Antisemitismus-Vorwürfe zurück. Der Parteivorstand der LINKEN hat am 21. Mai 2011 ohne Gegenstimmen die folgende Erklärung verabschiedet: http://www.die-linke.de/partei/organe/parteivorstand/parteivorstand20102012/beschluesse/linkeweistanisemitismusvorwurfezurueck/ Parliamentary Group of the LINKE: Entschieden gegen Antisemitismus, 8. Juni 2011, <http://www.die-linke.de/nc/dielinke/nachrichten/detail/ar->

tikel/entschieden-gegen-antisemitismus. For the RCIT position as well as our criticism of the reformists and centrists see e.g. Michael Pröbsting: *The Great Robbery of the South*, pp. 338-357; Michael Pröbsting: *Gaza-Krieg: Israel-freundliche KPO verleumdet erneut die RKO-BEFREIUNG*, 25.7.2014, <http://www.thecommunists.net/home/deutsch/kpo-und-israel/>

5 A collection of articles from these organizations on imperialist wars plus our criticism can be found in chapter 13 "*Centrism's Failure in the Struggle against Imperialist Wars*" in our book *The Great Robbery of the South*

6 See e.g. Fourth International (Mandelites): Ukraine: Popular movement and imperialisms. 16 June 2014, <http://internationalviewpoint.npa2009.org/spip.php?article3417>; Socialist Resistance: Ukraine – the Russians are the aggressors, March 24, 2014 <http://socialistresistance.org/6085/ukraine-the-russians-are-the-aggressors>; LIT: Where we stand on the situation in Ukraine, May 21, 2014 <http://newwavemaha.wordpress.com/2014/05/21/where-we-stand-on-the-situation-in-ukraine/>; LIT: Ukraine: Out with Yanukovych! Neither EU nor submission to Putin! 19 February 2014, http://www.litci.org/en/index.php?option=com_content&view=article&id=2420:out-with-yanukovych-neither-eu-nor-submission-to-putin&catid=749:ukraine&Itemid=124; John Studer: Ukraine opposition spreads to provocations by Moscow, *The Militant*, May 5, 2014, <http://www.themilitant.com/2014/7817/781701.html>

For the RCIT position as well as our criticism of the centrists see e.g. RCIT: Ukraine: Neither Brussels nor Moscow! For an independent Workers' Republic! 18.12.2013, <http://www.thecommunists.net/worldwide/europe/ukraine-neither-brussels-nor-moscow/>; RCIT & MAS: Right-Wing Forces Take Power in the Ukraine: Mobilize the Working Class against the New Government! 25.2.2014, <http://www.thecommunists.net/worldwide/europe/right-wing-coup-in-ukraine/>; RCIT & MAS: Ukraine: Rivalry between Imperialist Powers escalates after Right-Wing Coup: Stop the Imperialist Saber-Rattling! 2.3.2014, <http://www.thecommunists.net/worldwide/europe/ukraine-war-threats/>; RCIT: Counterrevolution and Mass Resistance in the Ukraine, 17.4.2014, <http://www.thecommunists.net/worldwide/europe/mass-resistance-in-ukraine/>; RCIT: After the Fascist Pogrom in Odessa: Advance the Struggle against the Counterrevolution in the Ukraine! 6.5.2014, <http://www.thecommunists.net/worldwide/europe/after-odessa-pogrom/>

7 See e.g. The Senkaku Islands–Japanese Territory. Press Conference by Tomio Nishizawa, JCP Standing Presidium Member, Akahata, 31.3.1972; http://www.japan-press.co.jp/modules/feature_articles/index.php?id=34; How to solve the issue of the Senkaku Islands: Japan justifiably claims sovereignty; 20.9.2010, http://www.japan-press.co.jp/modules/feature_articles/index.php?id=34; Calm diplomatic efforts needed to solve territorial issues: JCP Ichida; 21.8.2012, http://www.jcp.or.jp/english/jps_2012/20120821_04.html; Takeshima issue should be solved through diplomacy: JCP chair; August 11, 2012, http://www.jcp.or.jp/english/jps_2012/20120811_01.html; Fuwa Tetsuzo: Two Centuries and Japanese Communist Party, Speech by the JCP Central Committee Chair at the Assembly to mark the 80th Anniversary of the Japanese Communist Party; July 8, 2002, *Japan Press Weekly Special Issue - October 2002*; Program of the Japanese Communist Party; Adopted on January 17, 2004 at the JCP 23rd Congress; http://www.jcp.or.jp/english/23rd_congress/program.html. For the RCIT position as well as our criticism of the reformists see e.g. Michael Pröbsting: No to chauvinist war-mongering by Japanese and Chinese imperialism! 23.9.2012, <http://www.thecommunists.net/worldwide/asia/no-war-between-china-and-japan/>

8 The KPRF acts as a classic social-imperialist party. It combines a formal adherence to Leninism and communism with protest against "uncontrolled migration", rants against the "Caucasian mafia", and against "propaganda for homosexuality". It calls for cooperation with the Russian-Orthodox Church and for the "*defense of the Motherland*". In addition it considers China as a "socialist" country. (See KPRF: Party Program, <http://cprf.ru/party-program/> as well as Euronews: Russian MPs vote overwhelmingly to outlaw gay 'propaganda', 11.6.2013, [outlaw-gay-propaganda/ and Marlène Laruelle: *Russia's Central Asia Policy and the Role of Russian Nationalism*, Central Asia-Caucasus Institute & Silk Road Studies Program, 2008, p. 71\)](http://www.euronews.com/2013/06/11/russian-mps-vote-overwhelmingly-to-</p>
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9 A number of documents from representatives of this current will be quoted in this booklet.

10 See e.g. CoReP: One hundred years after the First World War, only the proletarian revolution can avoid capitalism to plunge the world to the abyss, 1 May 2014, <http://www.revolucionpermanente.com/english/?p=161>; CoReP: Amerikanische, europäische, russische Imperialisten, raus aus der Ukraine! 8.3.2014, <http://www.revolucionpermanente.com/deutsch/?p=96>; CoReP: Ägypten: Nieder mit der Militärjunta! Für eine Arbeiterpartei, unabhängig von allen Fraktionen der Bourgeoisie! 22.8.2013, <http://www.revolucionpermanente.com/deutsch/?p=91>; LCC: Thailand: Defeat the Coup d'état Polemic and Program, May 22, 2014; LCC: Forward to the Permanent Revolution in Thailand! An open letter to all members and supporters of the RCIT, both documents have been published in the LCC's *Journal Class Warrior*, Vol. 1 No. 6 Summer 2014. For a reply from the RCIT see: Michael Pröbsting: Thailand: Shall Socialists Defend the Government Against the Military Coup? Reply to a Neo-Bordigist Polemic of the "Liaison Committee of Communists", 24.5.2014, <http://www.thecommunists.net/worldwide/asia/thailand-coup-reply/>; RCIT: The Arab Revolution is a central touchstone for socialists! Open Letter to All Revolutionary Organizations and Activists, 4.10.2013, <http://www.thecommunists.net/worldwide/africa-and-middle-east/open-letter-on-arab-revolution/>

11 In place of numerous documents of the RCIT on these issues we refer readers – in addition to our book *The Great Robbery of the South* – to the recent RCIT resolution *On the 100th Anniversary of the Outbreak of World War I: The Struggle against Imperialism and War*. (*Revolutionary Communism* No. 24, July/August 2014, <http://www.thecommunists.net/theory/struggle-vs-imperialism-war/>) as well as our essay Michael Pröbsting: Liberation struggles and imperialist interference. The failure of sectarian "anti-imperialism" in the West: Some general considerations from the Marxist point of view and the example of the democratic revolution in Libya in 2011, in: *Revolutionary Communism* No. 5, <http://www.thecommunists.net/theory/liberation-struggle-and-imperialism/>. See also our booklet Michael Pröbsting: *Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes (The Half Revolution. Lessons and perspectives of the Arab Uprising)*; in: *Der Weg des Revolutionären Kommunismus, Theoretisches Journal der Revolutionär-Kommunistischen Organisation zur Befreiung, (RKOB)*, Nr. 8 (2011), <http://www.thecommunists.net/publications/werk-8>

12 Leon Trotsky: *How to Struggle against War (1937)*, in: *Trotsky Writings 1937-38*, p. 54

13 V. I. Lenin: *Imperialism and the Split in Socialism (1916)*; in: *CW Vol. 23*, pp. 105-106 (Emphasis in the original)

14 Some have criticized our definition of imperialism in English and French-language internet forums by claiming that the RCIT follows a superficial understanding by reducing the definition of an imperialist state to its dominance of others. This, our critics claim, would be a definition which would also fit to great powers in ancient and medieval times. However, this critique is – to put it mildly – a misunderstanding. Our opponents have "overlooked" that we speak about the dominance by "monopolies" and "capitalist states." In addition they seem to have only read the first sentence and ignored the second, which speaks unambiguously about these monopolies and great powers gain of "*extra-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression*".

15 Karl Marx: *Capital Vol. III*, MECW 37, p. 390

16 Karl Marx: *Capital Vol. I*, MECW 35, p. 336

17 Karl Marx: *Capital, Vol III*; MECW 37, p. 217

18 See e.g. Alan Freeman: *The Profit Rate in the Presence of Financial Markets: A Necessary Correction*; *Journal of Australian Political Economy* No 70, Summer 2012; Andrew Kliman: *The Failure of Capitalist Production. Underlying Causes of the Great Recession*, London 2011; Guglielmo Carchedi: *Behind the Crisis. Marx's Dialectics of Value and Knowledge*, Leiden 2011; Michael Roberts: *The Great Recession. Profit cycles, economic crisis. A Marxist view,*

2009; Esteban Ezequiel Maito: The historical transience of capital. The downward trend in the rate of profit since XIX century (2014); John Bellamy Foster and Robert W. McChesney: The Endless Crisis (2012), in: Monthly Review, May 2012, <http://monthlyreview.org/2012/05/01/the-endless-crisis>

The author of these lines has previously dealt with this issue e.g., in Michael Pröbsting: Imperialism and the Decline of Capitalism, in: Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), pp. 98-102, <http://www.thecommunists.net/theory/imperialism-and-globalization/>. Michael Pröbsting: 'Americanise or bust'. Contradictions and challenges of the imperialist project of European unification, Fifth International Vol.1, No.2 (2004), <http://www.thecommunists.net/theory/eu-imperialism-americanise-or-bust/>; See also Chapter 3 'The Decline of Capitalism since the 1970s' in Michael Pröbsting: The Great Robbery of the South.

19 Guglielmo Carchedi: From the Crisis of Surplus Value to the Crisis of the Euro, August 15, 2012, p. 4, <http://marx2010.weebly.com/from-the-crisis-of-surplus-value-to-the-crisis-of-the-euro.html>

20 As a side note, it might be worth to correct a misleading presentation in Michael Burke's document. He writes that US Dollar "accounts for approximately 85% of all foreign exchange transactions." This is technically true but misleading for the following reason. Because two currencies are involved in each transaction, the sum of the percentage shares of individual currencies totals 200% instead of 100%. Therefore the share of the U.S. dollar is 87% out of 200% and not 100%. The next currencies are the Euro (33.4%), the Japanese Yen (23%) and the British Pound (11.8%). These figures of course confirm the fact that the US Dollar is the hegemonic currency on the foreign exchange market but they qualify the extent which is suggested by Burke's figure. (See Bank for International Settlements: Triennial Central Bank Survey, 2013, p. 10)

21 Sam Williams: Is Russia Imperialist?

22 V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, pp. 275-276 (our emphasis)

23 Leon Trotsky: Report on the World Economic Crisis and the New tasks of the Communist International (1921), London 1973, in: Leon Trotsky: The First Five Years of the Communist International, Vol. 1, pp. 228-278

24 V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 273 (our emphasis)

25 V. I. Lenin: Eighth Congress of the R.C.P.(b.), 1919, Report on the Party Programme (1919); in: LCW 29, p. 168 (emphasis in the original)

26 V. I. Lenin: A Caricature of Marxism and Imperialist Economism; in: LCW Vol. 23, p. 34

27 V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 265

28 Sergei Guriev and Andrei Rachinsky: Oligarchs: the past or the future of Russian capitalism? July 2004, p. 11

29 See Celso Furtado: Economic Development of Latin America. Historical Background and Contemporary Problems, New York 1984, pp. 204-206

30 Stephen Haber and Aldo Musacchio: These Are the Good Old Days: Foreign Entry and the Mexican Banking System, Harvard Business School, Working Paper, 2013, p. 86

31 Celio Hiratuka: Foreign Direct Investment and Transnational Corporations in Brazil: Recent Trends and Impacts on Economic Development, April 2008, pp. 5-6

32 We shall note that while Roger Annis is confused about the nature of Russia and China, he – in opposite to many others – took from the beginning a principled stance against the military coup d'état in July 2013 in Egypt as well as for the popular uprising in the east of the Ukraine in March this year.

33 Nikolai Bukharin: Toward a Theory of the Imperialist State (1915), in: Richard B. Day (Editor): Nikolai Bukharin. Selected Writings on the State and the Transition to Socialism, Armonk 1982, p. 16

34 V. I. Lenin: The State and Revolution. The Marxist Theory of the State and the Tasks of the Proletariat in the Revolution (1917); in: LCW Vol. 25, p.387

35 V. I. Lenin: The Impending Catastrophe and how to Combat it (1917); in: LCW Vol. 25, p.361

36 Wikipedia: Fortune Global 500 (2012), http://en.wikipedia.org/wiki/Fortune_Global_500

37 Karl Marx: Theories of Surplus-Value, Part 2, MECW 32, p. 161

38 V. I. Lenin: On the Slogan for a United States of Europe (1915); in: CW Vol. 21, pp. 341-342

39 V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, pp. 272-274 (emphasis in the original)

40 World Bank: Industry, value added (% of GDP), <http://data.worldbank.org/indicator/NV.IND.TOTL.ZS>

41 World Bank: World Development Report 2014, pp. 308-311

42 Sam Williams: Is Russia Imperialist?

43 Sam Williams: Is Russia Imperialist?

44 Sam Williams: Is Russia Imperialist?

45 See Credit Suisse - Global Wealth Report 2013 Databook, pp 22-26

46 World Bank: World Development Indicators 2014, pp. 12-16; The figures are calculated in current U.S. Dollars by the *World Bank Atlas* method.

47 UNCTAD: World Investment Report 2014, pp. 209-212 (our calculations)

48 UNCTAD: World Investment Report 2014, pp. 205-208. In the case of France we have taken the figure for 2012 since the figure provided by UNCTAD for 2013 is very unusual (minus 2.555).

49 See Richard Sorge: Der neue deutsche Imperialismus (1928), Berlin 1988, p. 92 (our translation)

50 Stockholm International Peace Research Institute (SIPRI): Armaments, Disarmament and International Security, 2012, Summary, p. 9

51 SIPRI: Armaments, Disarmament and International Security, p. 13

52 John Chipman: The Military Balance 2014, Press Statement, The International Institute for Strategic Studies, p. 4

53 All quotes are taken from Germaine A. Hoston: Marxism and Japanese Expansionism: Takahashi Kamekichi and the Theory of "Petty Imperialism"; in: Journal of Japanese Studies, Vol. 10, No. 1 (1984), pp. 13-14. The author wishes to thank Louis Proyect for drawing his attention to this article as well as sending him a copy of it.

54 V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 274

55 Angus Maddison: The World Economy: A Millennial Perspective, Vol. 1, 2001, pp. 183-185 and 213-215. The figures are calculated in 1990 international U.S. Dollars.

56 This table is a combination of three tables which we took from two books of Jürgen Kuczynski (Das System gegen die Menschlichkeit, Frankfurt a.M. 1972, p. 172 and Studien zur Geschichte der Weltwirtschaft, Berlin 1952, p. 31 and 35). For non-German readers we add that the late Jürgen Kuczynski was a famous German economy historian in the Stalinist tradition, who wrote numerous books about the history of capitalism and the working class. He was a kind of German version of Eric Hobsbawm.

57 J.B. Turtschins: Die Verschärfung der ungleichmäßige Entwicklung des Kapitalismus durch den zweiten Weltkrieg, Berlin 1956, p. 52. The figures for 1913 exclude Russia.

58 François Crouzet: A History of the European Economy, 1000-2000, University Press of Virginia, 2001, p. 148

59 François Crouzet: A History of the European Economy, 1000-2000, p. 146

60 Olga Crisp: Labour and Industrialization in Russia; in: Peter Mathias and M. M. Postan (Ed.): Cambridge Economic History of Europe, Vol. VII (The Industrial Economies Capital, Labour, and Enterprise, Part 2: The United States, Japan, and Russia), Cambridge University Press, 1978, pp. 402-403

61 Paul Kennedy: Rise and Fall of Great Powers. Economic Change and Military Conflict from 1500 to 2000, London 1988, p. 201

62 J.B. Turtschins: Die Verschärfung der ungleichmäßige Entwicklung des Kapitalismus durch den zweiten Weltkrieg, p. 81

- 63 V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 258
- 64 J.B. Turtschins: *Die Verschärfung der ungleichmäßige Entwicklung des Kapitalismus durch den zweiten Weltkrieg*, p. 27
- 65 Jürgen Kuczynski: *Studien zur Geschichte der Weltwirtschaft*, p. 43
- 66 Paul Bairoch and Richard Kozul-Wright: *Globalization Myths: Some Historical Reflections on Integration, Industrialization and Growth in the World Economy*, UNCTAD Discussion Papers No. 113, 1996, p. 12
- 67 Sidney Pollard: *Capital Exports, 1870-1914: Harmful or Beneficial? The Economic History Review*, New Series, Vol. 38, No. 4 (Nov., 1985), p. 492
- 68 Jürgen Kuczynski: *Studien zur Geschichte der Weltwirtschaft*, p. 88
- 69 Angus Maddison: *The World Economy: A Millennial Perspective*, Vol. 1, 2001, p. 101
- 70 Moritz Schularick: *Finanzielle Globalisierung in historischer Perspektive. Kapitalflüsse von Reich nach Arm, Investitionsrisiken und Globale Öffentliche Güter*, Berlin, 2004, p. 33. See on this also Horst Ermel: *Der Übergang vom Kapitalismus der freien Konkurrenz zum Imperialismus in Deutschland*, Köln 1974, p. 43
- 71 Moritz Schularick: *Finanzielle Globalisierung in historischer Perspektive*, p. 55
- 72 Moritz Schularick: *Finanzielle Globalisierung in historischer Perspektive*, p. 59
- 73 M. C. Kaser: *Russian Entrepreneurship*; in: Peter Mathias and M. M. Postan (Ed.): *Cambridge Economic History of Europe*, Vol. VII (The Industrial Economies Capital, Labour, and Enterprise, Part 2: The United States, Japan, and Russia), Cambridge University Press, 1978, p. 473
- 74 Vitali A. Meliantsev: *Three Centuries of Russia's Endeavors to Surpass the East and to Catch Up with the West: Trends, Factors, and Consequences*, 2002, p. 9
- 75 Vitali A. Meliantsev: *Three Centuries of Russia's Endeavors to Surpass the East and to Catch Up with the West*, p. 13
- 76 G. Zinoviev / V. I. Lenin: *Socialism and War* (1915) ; in: LCW Vol. 21, pp. 303-304
- 77 See Richard Sorge: *Der neue deutsche Imperialismus* (1928), pp. 43-44 (our translation)
- 78 Michael Burke: *What is the Current Phase of Imperialism?*
- 79 Michael Burke: *What is the Current Phase of Imperialism?*
- 80 Michael Burke: *What is the Current Phase of Imperialism?*
- 81 Michael Burke: *What is the Current Phase of Imperialism?*
- 82 Michael Burke: *What is the Current Phase of Imperialism?*
- 83 Michael Burke: *What is the Current Phase of Imperialism?*
- 84 UNCTAD: *World Investment Report 2013*, pp. 212-216; the figures for 2013 are taken from UNCTAD: *World Investment Report 2014*, pp. 205-208
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- 87 LCFI: *Down with the US/CIA Junta in Kiev, Smash the fascist assault on the new 'Novorossiya' union*, June 2014 (long version), <http://socialistfight.com/2014/06/12/down-with-the-uscia-junta-in-kiev-smash-the-fascist-assault-on-the-new-novorossiya-union/>
- 88 See on this US Department of the Treasury: *Major Foreign Holders of Treasury Securities*, May 2014, <http://www.treasury.gov/ticdata/Publish/mfh.txt>; Simon Rogers: *US debt: how big is it and who owns it?* 2 October 2012, <http://www.theguardian.com/news/datablog/2011/jul/15/us-debt-how-big-who-owns>; Kimberly Amadeo: *Who Owns the U.S. National Debt?* <http://useconomy.about.com/od/monetarypolicy/f/Who-Owns-US-National-Debt.htm>; Federal Reserve Bank of San Francisco: *Who are the largest holders of U.S. public debt?* July 2005, <http://www.frbsf.org/education/publications/doctor-econ/2005/july/public-national-debt>
- 89 See Richard Sorge: *Der neue deutsche Imperialismus* (1928), p. 94 (our translation)
- 90 Karl Marx: *Capital*, Vol. I, MECW 35, p. 20
- 91 Paul Kennedy: *Rise and Fall of Great Powers. Economic Change and Military Conflict from 1500 to 2000*, London 1988, p. 202
- 92 Angus Maddison: *The World Economy: A Millennial Perspective*, Vol. 1, 2001, p. 101
- 93 We are not criticizing Burke for attempting to adapt Lenin's theory of imperialism to new developments in world capitalism. We are fully aware that there have been important developments in the physiognomy of imperialism since Lenin died, and have dealt with this issue in our book *The Great Robbery of the South*. There we describe the important changes which have taken place in the relationship between the imperialist countries and the semi-colonial world: In no previous time in history has such a large share of the world's capitalist value been produced in the South. Consequently, never before have the imperialist monopolies been so dependent on super-exploitation of the semi-colonial world. Nor has migrant labor from the semi-colonial world ever played such a significant role in producing capitalist value in the imperialist countries themselves. Finally, never before has the great majority of the world's working class lived in the South – outside of the old imperialist metropolises. It is in these realms that Marxists should recognize change and incorporate these dynamics into an up-to-date understanding of Lenin's theory of imperialism. The problem is that Burke & Co. do not address the real changes which are taking place in today's capitalist world, but rather dream about minimizing the inter-imperialist rivalry and ending capital export by the imperialist powers.
- 94 Michael Burke: *What is the Current Phase of Imperialism?*
- 95 V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 243
- 96 Sam Williams: *Is Russia Imperialist?*
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- 99 Karl Marx: *Economic Manuscripts of 1857-1858*, in: MECW 28, p. 37
- 100 V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 295
- 101 For an elaboration of the Marxist theory of Migration see Michael Pröbsting: *Marxismus, Migration und revolutionäre Integration* (2010); in: *Der Weg des Revolutionären Kommunismus*, Nr. 7, <http://www.thecommunists.net/publications/werk-7>. A summary of this study in English-language: Michael Pröbsting: *Marxism, Migration and revolutionary Integration*, in: *Revolutionary Communism*, No. 1, <http://www.thecommunists.net/oppressed/revolutionary-integration/>
- 102 This sub-chapter is based on a section of the recently published RCIT document *On the 100th Anniversary of the Outbreak of World War I: The Struggle against Imperialism and War*. (Revolutionary Communism No. 24, July/August 2014, <http://www.thecommunists.net/theory/struggle-vs-imperialism-war/>)
- 103 For the figures on manufacturing see UNIOD Industrial Development Report 2002/2003, p. 152 (for the years 1985 and 1998) and UNIOD Industrial Development Report 2013, p. 202 (for the year 2011). Note that manufacturing is not identical with industrial production since the later also includes mining and the construction sector. For the figures on the US share among the top 500 corporations see Chinese companies push out Japan on Fortune Global 500 list, By Agence France-Presse, July 9, 2012, <http://www.rawstory.com/rs/2012/07/09/chinese-companies-push-out-japan-on-fortune-global-500-list/>. The figure for the US manufacturing share is for the year 1998; the figure for the US share among the top 500 corporations is for the year 2000.
- 104 See on this Sixth Brics Summit – Fortaleza Declaration, July 15, 2014, <http://pmindia.nic.in/details162.php>; AP: *BRICS set up \$100-bln bank to counter West in global finance*, July 16, 2014, http://mobile.todayzaman.com/son-dakika_brics-nations-agree-to-create-own-development-bank_353144.html; Mahmood Hasan:

BRICS Bank: Will it challenge Bretton Woods? July 19, 2014 <http://www.thedailystar.net/op-ed/brics-bank-will-it-challenge-bretton-woods-33913>; Al-Jazeera: Can BRICS counter the West? 16 Jul 2014, <http://www.aljazeera.com/programmes/insidestory/2014/07/can-brics-counter-west-2014716144054710148.html>

105 Marc Levinson: U.S. Manufacturing in International Perspective, Congressional Research Service, February 20, 2014, p. 4

106 Internationalist Group: The Bugbear of "Russian Imperialism"

107 See Michael Pröbsting: *The Great Robbery of the South*, pp. 220-228. This theory of sub-imperialism is also shared by centrist currents like the Cliffite SWP/IST or the right-centrist, pro-Zionist AWL in Britain. It is, unfortunately, also shared by Patrick Bond, who otherwise offers a very serious Marxist analyst of South Africa's capitalism.

108 Internationalist Group: The Bugbear of "Russian Imperialism"

109 V. I. Lenin: The revolutionary Proletariat and the Right of Nations to Self-Determination (1915); in: LCW 21, p. 409

110 Internationalist Group: The Bugbear of "Russian Imperialism". In the same document Norden writes: *"We have noted elsewhere that Greece is neither a semi-colonial country nor a full-fledged imperialist country but 'a sub-imperialist power whose capitalists own the largest shipping fleet in the world (though mostly not sailing under the Greek flag); whose banks have historically had a privileged position in the eastern Mediterranean and are now buying up banks and companies throughout the Balkans; and which economically dominates Macedonia and Albania'"*

111 See e.g. Michael Pröbsting: Perspectives on the Greek Revolution, 10.11.2011, <http://www.thecommunists.net/world-wide/europe/greece-revolution-or-tragedy/>

112 Sam Williams: Is Russia Imperialist?

113 Sam Williams: Is Russia Imperialist?

114 Michael Burke: What is the Current Phase of Imperialism?

115 Michael Burke: What is the Current Phase of Imperialism?

116 Michael Burke: What is the Current Phase of Imperialism?

117 Michael Burke: What is the Current Phase of Imperialism?

118 We have elaborated our analysis on China in several documents. Chapter 10 in Michael Pröbsting: *The Great Robbery of the South*; Michael Pröbsting: China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power, in: *Revolutionary Communism* No. 4, <http://www.thecommunists.net/publications/revcom-number-4>; Michael Pröbsting: Russia and China as Great Imperialist Powers, 28 March 2014, <http://www.thecommunists.net/theory/imperialist-china-and-russia/>; Michael Pröbsting: More on Russia and China as Great Imperialist Powers. A Reply to Chris Slee (Socialist Alliance, Australia) and Walter Daum (LRP, USA), 11 April 2014, <http://www.thecommunists.net/theory/reply-to-slee-on-russia-china/>

119 Sam Williams: Is Russia Imperialist?

120 V.I. Lenin: On the Question of Dialectics (1915); in: CW 38, p.358

121 Editorial Department of Renmin Ribao (People's Daily): Chairman Mao's Theory of the Differentiation of the Three Worlds is a Major Contribution to Marxism-Leninism, Renmin Ribao (People's Daily) on November 1, 1977, <https://www.marxists.org/history/erol/ncm-5/theory-3-worlds/index.htm>

122 Martin Nicolaus: Die Objektivität des Imperialismus. Anti-Mandel, in: Ernest Mandel / Martin Nicolaus: Internationale marxistische Diskussion No. 13, Berlin 1971, p. 48 (our translation)

123 See on this also Michael Pröbsting: Theses on Maoism, <http://www.thecommunists.net/theory/thesis-on-maoism/>

124 Ernest Mandel: Die Gesetze der ungleichmäßigen Entwicklung, in: Ernest Mandel / Martin Nicolaus: Kontroverse über die Möglichkeit einer Revolution in den USA, Berlin 1970, pp. 60-61; in English: The Laws of Uneven Development, in: *New Left Review* 1/59, January-February 1970, http://www.ernestmandel.org/en/works/txt/1969/laws_of_uneven_development.htm

125 Karl Kautsky: Der Imperialismus (September 1914), *Die Neue Zeit*, reprinted in: Stefan Bollinger (ED.): *Imperialismstheorien*, Wien 2004, pp. 117-119; in English: *Ultra-Imperialism*, <http://www.marxists.org/archive/kautsky/1914/09/ultra-imp.htm>

126 Nikolai Bukharin: *Imperialism and World Economy* (1915), London 1929, p. 143

127 Leon Trotsky. *The Permanent Revolution* (1929) ; in: Leon Trotsky. 'The Permanent Revolution' and 'Results and Prospects', New York 1969, p. 279

The late Ernest Mandel also once rightly remarked: *"The historical specificity of imperialism in this respect lies in the fact that although it unites the world economy into a single world market, it does not unify world society into a homogeneous capitalist milieu. (...) Only if we understand that imperialism brings to its widest possible application the universal law of uneven and combined development, can we understand world history in the 20th century."* (Ernest Mandel: *Die Gesetze der ungleichmäßigen Entwicklung*, in: Ernest Mandel / Martin Nicolaus: *Kontroverse über die Möglichkeit einer Revolution in den USA*, Berlin 1970, p. 47; in English: *The Laws of Uneven Development*, in: *New Left Review* 1/59)

128 V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 255 (Emphasis in the original)

129 V. I. Lenin: *Materials Relating to the Revision of the Party Programme* (1917) ; in: LCW Vol. 24, pp. 464-465 (Emphasis in the original)

130 V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 269

131 V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, pp. 272-274.

See also:

"We ask, is it "conceivable", assuming that the capitalist system remains intact—and this is precisely the assumption that Kautsky does make—that such alliances would be more than temporary, that they would eliminate friction, conflicts and struggle in every possible form? The question has only to be presented clearly for any other than a negative answer to be impossible. This is because the only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the strength of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the even development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism. Half a century ago Germany was a miserable, insignificant country, if her capitalist strength is compared with that of the Britain of that time; Japan compared with Russia in the same way. Is it "conceivable" that in ten or twenty years' time the relative strength of the imperialist powers will have remained unchanged? It is out of the question. Therefore, in the realities of the capitalist system, and not in the banal philistine fantasies of English parsons, or of the German "Marxist", Kautsky, "inter-imperialist" or "ultra-imperialist" alliances, no matter what form they may assume, whether of one imperialist coalition against another, or of a general alliance embracing all the imperialist powers, are inevitably nothing more than a "truce" in periods between wars. Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on one and the same basis of imperialist connections and relations within world economics and world politics." (V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916) ; in: LCW Vol. 22, p. 295)

"We must not allow ourselves to be blinded by the present imperialist war. Such wars between "Great" Powers are typical of the imperialist epoch" (V. I. Lenin: *The "Disarmament" Slogan* (1916) ; in: LCW Vol. 23, p. 95)

"Imperialism is a fierce struggle of the Great Powers for the division and redivision of the world. It is therefore bound to lead to further militarisation in all countries, even in neutral and small ones." (V. I. Lenin: *The "Disarmament" Slogan* (1916) ; in: LCW Vol. 23, p. 98)

"Kautsky divorces imperialist politics from imperialist economics, he divorces monopoly in politics from monopoly in economics in order to pave the way for his vulgar bourgeois reformism, such as "disarmament", "ultra-imperialism" and similar nonsense. The whole purpose and significance of this theoretical falsity is to obscure the most profound contradictions of imperialism and thus justify the theory of "unity" with the apolo-

gists of imperialism, the outright social-chauvinists and opportunists." (V. I. Lenin: Imperialism and the Split in Socialism (1916); in: CW Vol. 23, p.107 (Emphasis in the original))

„Can it be denied, however, that a new phase of capitalism is “imaginable” in the abstract after imperialism, namely, ultra-imperialism? No, it cannot. Such a phase can be imagined. But in practice this means becoming an opportunist, turning away from the acute problems of the day to dream of the unacute problems of the future. In theory this means refusing to be guided by actual developments, forsaking them arbitrarily for such dreams. There is no doubt that the trend of development is towards a single world trust absorbing all enterprises without exception and all states without exception. But this development proceeds in such circumstances, at such a pace, through such contradictions, conflicts and upheavals — not only economic but political, national, etc. — that inevitably imperialism will burst and capitalism will be transformed into its opposite long before one world trust materialises, before the “ultra-imperialist”, worldwide amalgamation of national finance capitals takes place.” (V. I. Lenin: Preface to N. Bukharin Pamphlet Imperialism and world economy (1915); in: LCW Vol. 22, p. 107)

“It follows from the above that the actual process of economic development will proceed in the midst of a sharpened struggle between the state capitalist trusts and the backward economic formations. A series of wars is unavoidable. In the historic process which we are to witness in the near future, world capitalism will move in the direction of a universal state capitalist trust by absorbing the weaker formations. Once the present war is over, new problems will have to be “solved” by the sword. Partial agreements are, of course, possible here and there (e.g., the fusion of Germany and Austria is quite probable). Every agreement or fusion, however, will only reproduce the bloody struggle on a new scale. Were “Central Europe” to unite according to the plans of the German imperialists, the situation would remain comparatively the same; but even were all of Europe to unite, it would not yet signify “disarmament.” It would signify an unheard of rise of militarism because the problem to be solved would be a colossal struggle between Europe on the one hand, America and Asia on the other.” (Nikolai Bukharin: Imperialism and World Economy (1915), London 1929, pp. 139-140)

132 Communist International: Conditions of Admission to the Communist International. Approved by the Second Comintern Congress (1920), in: The Communist International 1919-1943. Documents Selected and Edited by Jane Degras, Vol. I 1919-1922, p. 170

133 Statutes of the Communist International, adopted at the Second Comintern Congress (1920); in: Jane Degras (Ed.): The Communist International 1919-1943, Vol. I 1919-1922

134 V. I. Lenin: Opportunism and the Collapse of the Second International (1916); in: CW Vol. 22, p.111

135 LCFI: Down with the US/CIA Junta in Kiev, Smash the fascist assault on the new ‘Novorossiya’ union

136 Michael Burke: What is the Current Phase of Imperialism?

137 Leon Trotsky. The Permanent Revolution (1929) ; in: Leon Trotsky. ‘The Permanent Revolution’ and ‘Results and Prospects’, New York 1969, pp. 267-268

138 Leon Trotsky: Petty-Bourgeois Moralists and the Proletarian Party (1940), in: Leon Trotsky: In Defense of Marxism, New York 1990, pp. 167-168

139 Leon Trotsky: Again and Once More Again on the Nature of the USSR (1939), in: Leon Trotsky: In Defense of Marxism, New York 1990, p. 26

140 Leon Trotsky: Again and Once More Again on the Nature of the USSR, pp. 24-25

141 For example John Ross, historic leader of Socialist Action, is employed as a professor by a Chinese university in Shanghai.

142 G. Zinoviev / V. I. Lenin: Socialism and War (1915) ; in: LCW Vol. 21, pp. 306-307 (our emphasis)

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145 Svetlana Kirdina and Andrei Vernikov: Journal of Economic Issues, Vol. XLVII No. 2, June 2013, p. 474

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151 See Richard Sorge: Der neue deutsche Imperialismus (1928), pp. 91-92 (our translation)

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156 Who Owns Russia: 32 Largest Business Groups Make 51% of GDP

157 Who Owns Russia: 32 Largest Business Groups Make 51% of GDP

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160 Internationalist Group: The Bugbear of “Russian Imperialism”

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162 James S. Henry: The Price of Offshore Revisited. Tax Justice Network 2012, p. 5

163 The Economist: Storm survivors, Special Report on Off Shore Finance, February 16th 2013, p. 2

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166 Nataliya Blyakha: Russian foreign direct investment in Ukraine, Electronic Publications of Pan-European Institute, 7/2009, p. 7

167 Internationalist Group: The Bugbear of “Russian Imperialism”

168 See Michael Pröbsting: Russia as a Great Imperialist Power, p. 15 as well as Ben Judah, Jana Kobzova and Nicu Popescu: Dealing with A Post-BRIC Russia; The European Council on Foreign Relations, 2011, p. 29

169 Internationalist Group: The Bugbear of “Russian Imperialism”

170 See Richard Sorge: Der neue deutsche Imperialismus (1928), p. 94 (our translation)

171 See e.g. “The National Liberation Movement in Russia has only one goal that unites everyone regardless of their political views: the restoration of the sovereignty of the country and liberation from its occupiers. The inhabitants of Russia must break free from their chains of slavery and become free citizens in a free (non-occupied) country.” (Evgeniy Fyodorov: The National Liberation Movement In Russia Today, in: Journal of Eurasian Affairs, Vol. 2, No. 1, 2014, p. 17)

172 See Dmitry Shlapentokh (Ed.): Russia between East and West. Scholarly Debates on Eurasianism, Leiden 2007; Marlene Laruelle: Russian Eurasianism: An Ideology of Empire Woodrow Wilson Center Press, 2008

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175 Charles Hawley: ‘A Partner for Russia’: Europe’s Far Right Flirts with Moscow, <http://www.spiegel.de/international/europe/european-far-right-developing-closer-ties-with-moscow-a-963878.html>

New Books from the RCIT

Michael Pröbsting: The Great Robbery of the South

Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism

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

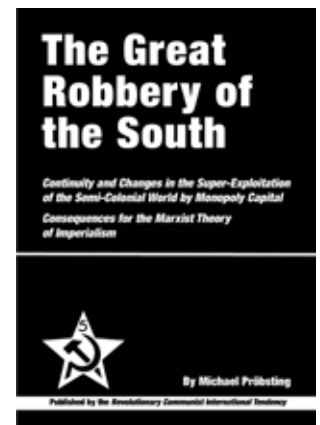
In *The Great Robbery of the South* Michael Pröbsting analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies. He shows that the relationship between the small minority of rich capitalist countries and the huge majority of mankind living in the semi-colonial world forms one of the most important elements of the imperialist world system we are living in. The Great Robbery of the South shows that the past decades have been a complete confirmation of the validity of Lenin's theory of imperialism and its programmatic conclusions.

The Great Robbery of the South demonstrates the important changes in the relationship between the imperialist and the semi-colonial countries. Using comprehensive material (including 139 Tables and Figures), Michael Pröbsting elaborates that never before has

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

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

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Look for details of the books at www.great-robbery-of-the-south.net and www.cuba-sold-out.net

Michael Pröbsting: Cuba's Revolution Sold Out?

The Road from Revolution to the Restoration of Capitalism

The RCIT is proud to announce the publication of a new book. It's called *Cuba's Revolution Sold Out?*. The book's subtitle is: *The Road from Revolution to the Restoration of Capitalism*. The book is in English-language. It has 5 chapters plus an appendix, 108 pages and includes 19 Tables and Figures. The author of the book is Michael Pröbsting who is the *International Secretary* of the RCIT. In *Cuba's Revolution Sold Out?* Michael Pröbsting analyses the character of the Cuban Revolution 1959-61, its bureaucratic degeneration, and the recent march of the Castro leadership towards capitalism.

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

Cuba's Revolution Sold Out? describes in detail how a number of relatively recent political, economic, and social measures were purposely taken by the Cuban government to open the road back

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

Cuba's Revolution Sold Out? examines these developments from the viewpoint of Marxist theory, the nature of the ruling bureaucracy in Stalinist states, and the process of restoration of capitalism under such regimes. In conclusion, the book proposes a socialist program for political and social revolution in Cuba to halt the advance of capitalism and to eradicate the country's bureaucratic dictatorship.

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



The Author: Michael Pröbsting is a revolutionary activist since 30 years. He is the author of many articles and pamphlets in German and English language. He published books or contributed to books on *Rosa Luxemburg* (1999), on the *World Economy* (2008), on *Migration* (2010) and the *Arab Revolution* (2011). His latest book, *The Great Robbery of the South* (published in 2013), analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies. He is the *International Secretary* of the *Revolutionary Communist International Tendency*.

Revolutionary Communist International Tendency:

What does the RCIT stand for?

The *Revolutionary Communist International Tendency* (RCIT) is a fighting organisation for the liberation of the working class and all oppressed. It has national sections in various countries. The working class is the class of all those (and their families) who are forced to sell their labour power as wage earners to the capitalists. The RCIT stands on the theory and practice of the revolutionary workers' movement associated with the names of Marx, Engels, Lenin and Trotsky.

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

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

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

This revolution must be carried out and lead by the working class, for she is the only class that has nothing to lose but their chains.

The revolution can not proceed peacefully because never before has a ruling class voluntarily surrendered their power. The road to liberation includes necessarily the armed rebellion and civil war against the capitalists.

The RCIT is fighting for the establishment of workers' and peasant republics, where the oppressed organize themselves in rank and file meetings in factories, neighbourhoods and schools – in councils. These councils elect and control the government and all other authorities and can always replace them.

Real socialism and communism has nothing to do with the so-called "real existing socialism" in the Soviet Union, China, Cuba or Eastern Europe. In these countries, a bureaucracy dominated and oppressed the proletariat.

The RCIT supports all efforts to improve the living conditions of workers and the oppressed. We combine this with a perspective of the overthrow of capitalism.

We work inside the trade unions and advocate class struggle, socialism and workers' democracy. But trade unions and social democracy are controlled by a bureaucracy. This bureaucracy is a layer which is connected with the state and capital via jobs and privileges. It is far from the interests and living circumstances of the members. This bureaucracy's basis rests mainly on the top, privileged layers of the working class - the workers' aristocracy. The struggle for the liberation of the working class must be based on the broad mass of the proletariat rather than their upper strata.

The RCIT strives for unity in action with other organizations. However, we are aware that the policy of social democracy and the pseudo-revolutionary groups is dangerous and they ultimately represent an obstacle to the

emancipation of the working class.

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

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

In a war between imperialist states we take a revolutionary defeatist position, i.e. we don't support neither side and advocate the transformation of the war into a civil war against the ruling class. In a war between an imperialist power (or its stooge) and a semi-colonial country we stand for the defeat of the former and the victory of the oppressed country.

The struggle against national and social oppression (women, youth, sexual minorities etc.) must be lead by the working class. We fight for revolutionary movements of the oppressed (women, youth, migrants etc.) based on the working class. We oppose the leadership of petty-bourgeois forces (feminism, nationalism, Islamism etc.) and strive to replace them by a revolutionary communist leadership.

Only with a revolutionary party fighting as its leadership can the working class win. The construction of such a party and the conduct of a successful revolution as it was demonstrated by the Bolsheviks under Lenin and Trotsky in Russia are a model for the revolutionary parties and revolutions also in the 21 Century.

For new, revolutionary workers' parties in all countries!
For a 5th Workers International on a revolutionary basis!
Join the RCIT!

*No future without socialism! No socialism without a revolution!
No revolution without a revolutionary party! ■*



