

# Class Warrior

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## BRICS Around the Neck of the Proletariat



*The Sixth BRICS Summit meeting was held in Brazil in July. The occasion was one of wheeling and dealing between the two big BRICS bloc leaders and their Latin American supporters looking to set up an alternative to the traditional U.S. dominance of the continent and an alternative to U.S. global financial hegemony. The leaders also took time out to test the loyalty of U.S. allies in the EU facing U.S.-dictated sanctions on Russia that will cost the EU economies \$billions. Putin used the FIFA World Cup to meet Merkel and discuss Ukraine. No doubt Russia is motivated to strengthen its push into Latin America as a reprisal to the U.S. determination to push NATO right up against its borders. Not content to put pressure on the U.S. bloc in Europe and Asia, Putin's deal to write off most of Cuba's debt and reopen a former Soviet spy base at Lourdes rubs the National Security Agency (NSA's) nose in its own business. The rise of BRICS is regarded by many on the left today as a dynamic 'anti-imperialist' bloc challenging U.S. imperialist hegemony. We challenge this view and show that BRICS may be a rival bloc but is neither 'progressive' nor 'anti-imperialist', because it is led by the emerging imperialist powers, Russia and China. We argue that the mounting inter-imperialist rivalry between the two blocs means we can only advance the world revolution by opposing and defeating both blocs.*

The rise of BRICS is taking place in the context of the global crisis of capitalism. The post-Soviet, post capitalist-restorationist China, world of capitalism in decay is shaping up to look much like the world of a century ago, with inter-imperialist rivalry leading inexorably to another imperialist war. The emerging imperialist powers of China and Russia are positioning themselves as a bloc of BRICS against the traditional NATO bloc, with the United States as the dominant imperialist power since World War II.

As recent moves have shown, the declining United States is bent on maintaining this dominant position through preventing BRICS re-division of the world or re-dividing it for their benefit. The Pacific Pivot and the TPPA is directly aimed at China's growing power in the Pacific, as was the sabre-rattling against North Korea, which was not only targeting the remaining gains of

the collectivized property of the deformed workers state (DWS), but also served as a warning to capitalist China that they would call the shots in the region. Japan, an imperialist ally of the United States, has provoked China over the Senkaku islands.

Now the China-led BRICS nations have formed the BRICS Development Bank as a counter to the Bretton Woods IMF/World Bank. Although starting with a relatively meager \$50 billion fund, the goal is to reach a financing capacity of \$350 billion in a few years and eventually rival the World Bank, particularly with extra capital funding from China and Russia. Recently BRICS representatives were courting Latin American countries, a direct challenge to the United States. It is obvious that BRICS is wielding increasing influence, but as what? Is BRICS now beginning to pose a challenge to U.S. hegemony as an anti-imperialist bloc or a bloc led by emerging imperialist powers, Russia and China?

#### Four Class Perspectives on BRICS

It is useful to breakdown the different views of BRICS by their ideological basis in one or other social class. Otherwise we have the spectacle of free-floating standpoints that reduce to national cultures, national geography, 'blood, race or nation', or 'great leaders' – ultimately, biology or genetics. The bourgeois class ideology of sovereign individuals in the free market is the default ideology of capitalism. This is the fetishised form that unequal production relations take as equal exchange relations. Value, rather than representing the labour time of workers, becomes the value of commodities as determined by the market. Individuals cease to be workers, capitalists or landlords and become sovereign individuals as buyers and sellers of commodities in the market and citizens with equal political rights. Capitalism is the best of all possible worlds provided individual freedoms in the market and nation state are not limited by other individuals and states. Today, bourgeois ideology takes three main *forms* – 'neoliberal', 'liberal' and 'radical'.

##### (A) Neoliberals

Neoliberals are neither new nor liberal. They claim to be liberal in the sense of 18<sup>th</sup> Century liberalism of free market capitalism. However, such liberalism (now neo-liberalism) never represented the reality of capitalism. *The arrival and survival of capitalism since its beginning has required massive state intervention.* Moreover, since the late 19<sup>th</sup> century state intervention developed into its highest form as capitalism had to move from *competitive capitalism to state monopoly capitalism* to deal with increasingly frequent and serious crises. (Lenin, Imperialism)

Neoliberals are apologists for state monopoly capitalism destroying organised labour and buying votes in order to dominate the 'free market'. Neoliberalism was born out of the end of the post-war boom and onset of structural crisis in the early 1970s and announced its presence in the Chilean military coup with the overthrow of the populist president Salvador Allende to maintain U.S. domination of the economy. Neoliberals don't have any doubt that China, allied to Russia, leading the BRICS bloc poses a threat to U.S. hegemony calling forth a New Cold War. Cynically the U.S. is presented as the bastion of the free market, individual rights and democracy rather than the dominant state monopoly imperialist power. Its mission is to defend these

'values' against those who would destroy them with superior state monopoly power, e.g., Russia and China. For neoliberals it's as if the Soviets have come back from the dead and the cold war never ended. That is why they back date to 1949 the White House policy of expanding NATO and rallying the Pacific allies of RIMPAC to militarily box in Russia and China from making a transition from 'regional powers' to global powers.

The Liberal critique of neoliberalism recognises the hypocrisy of the 'free market' that was never free and always manipulated by power elites. Neoliberalism is defined as the specific period of U.S. global hegemony that arose in the last 40 years, often referred to as the 'Washington Consensus,' under the leadership of the so-called 'neo-conservatives,' i.e. the subset of neoliberals who try to disguise the realpolitik of monopoly of state power behind 'traditional' bourgeois cultural values of family, nation and god. Liberals therefore share the neo-liberals assumption that the problem is not the imperialist epoch of state monopoly capitalism, but rather the monopoly of power held by the wrong class, the imperialist elite. Therefore the liberal trick is to replace the imperialist elite with the power of the people! Enter the BRICS.

##### (B) Liberals

Against this official 'neo-liberal-con' view of the old (now revived) cold war where confrontation and war are necessary means to prop up U.S. state monopoly capitalism, the bourgeois liberal ideologues see the rising economic power of BRICS as a 'counter-balance' to the 'Washington Consensus' that can lead to 'multipolarity'. There are some like Tom Engelhardt who discount multipolarity in the face of an overwhelming U.S. global power that dominates geopolitics. Others like neo-Stalinist F William Engdahl see multipolarity arising like a phoenix as Russia and China challenge U.S. economic and financial hegemony:

“Taken as a totality, along with other measures by Russia's Putin to deepen political, economic and military ties with China and the other nations of Eurasia, the latest energy agreements have the potential to transform the global geopolitical map, something Washington's war faction will not greet willingly. The world, as I've noted before, is in the midst of one of a fundamental transformation, such as occurs only every few centuries. An epoch is ending. The once-unchallenged global hegemony of the Atlantic alliance countries of the USA and EU is crumbling rapidly.”

Today's liberals are more the descendants of Adam Smith than the neoliberals because they agree that the equal exchange in the market has been distorted by the concentration of power in the hands of ruling elites. Smith believed that the market was rational and that competition and 'comparative advantage' was sufficient to organise the economy and the 'wealth of nations'. Comparative Advantage was based on the exchange of commodities at their labour value. The 'hidden hand' rewarded each person according to the amount of labour they could command in the market. Equal exchange would result unless nation states intervened to manipulate or monopolise the market. We can now see how liberals today see the distribution of power as determining the distribution of income and the need for a liberal state to regulate power relations in the marketplace. This is clear in the history of liberal reforms that attempt to balance

the power of organised labour and capital.

**‘Multipolarity’ is therefore the 21<sup>st</sup> century liberal road back to the utopia of Adam Smith, where the ‘rebalancing’ of excessive state power, allows the ‘free market’ to become the guarantor of the ‘commonwealth’ of citizens. The main tools of ‘multipolarity’ focus on the destruction of monopoly power to control production, distribution and exchange of value on the world market. For liberals who are fixated on the fetish of the market and the symbol of the market, money, this means breaking the dominance of the U.S. ‘juggernaut’ over the “international finance system” – the U.S. Dollar as the global reserve currency—by setting up rivals to the World Bank and IMF.**

Pepe Escobar, at the Asia Times, writes:

“It’s been a long and winding road since Yekaterinburg in 2009, at their first summit, up to the BRICS’s long-awaited counterpunch against the Bretton Woods consensus - the IMF and the World Bank - as well as the Japan-dominated (but largely responding to U.S. priorities) Asian Development Bank (ADB). The BRICS Development Bank - with an initial US\$50 billion in capital - will be not only BRICS-oriented, but invest in infrastructure projects and sustainable development on a global scale. The model is the Brazilian BNDES (Brazilian Development Bank *ed.*), which supports Brazilian companies investing across Latin America. In a few years, it will reach a financing capacity of up to \$350 billion. With extra funding especially from Beijing and Moscow, the new institution could leave the World Bank in the dust. Compare access to real capital savings to U.S. government’s printed green paper with no collateral.

And then there’s the agreement establishing a \$100 billion pool of reserve currencies - the Contingent Reserve Arrangement (CRA), described by Russian Finance Minister Anton Siluanov as “a kind of mini-IMF”. That’s a non-Washington consensus mechanism to counterpunch capital flight. For the pool, China will contribute with \$41 billion, Brazil, India and Russia with \$18 billion each, and South Africa with \$5 billion. The development bank should be headquartered in Shanghai - although Mumbai has forcefully tried to make its case (for an Indian take on the BRICS strategy, see [here](#) ).

Way beyond economy and finance, this is essentially about geopolitics - as in emerging powers offering an alternative to the failed Washington consensus. Or, as consensus apologists say, the BRICS may be able to “alleviate challenges” they face from the “international financial system”. The strategy also happens to be one of the key nodes of the progressively solidified China-Russia alliance recently featured via the gas “deal of the century” and at the St. Petersburg economic forum.”

Using such tools, multipolarity will result in a rebalancing of the share of global power among the big powers, as a means of both increasing and redistributing economic wealth. But the utopia of the liberal bourgeoisie won’t work unless the working class and other oppressed people are won to it by reformist political parties

and trades unions. Thus the working masses must be convinced that the BRICS bloc can reform global capitalism and reverse the massive social inequalities by redistributing global wealth. This liberal perspective is the basis of Hardt and Negri’s Empire, published in 2000 that promoted the liberal left utopia of a world where imperialism was outmoded and the Empire was being ‘civilised’ by the ‘multitude’ now led by the a new middle class of ‘immaterial workers’. Empire was immediately confounded by 9/11 and the onset of the ‘war on terror’ and the Argentinazo. U.S. imperialism re-asserted its hegemonic power in invasions and wars in Afghanistan and Iraq and the liberal utopia was rudely dashed by the rampant neo-cons. The rise of BRICS – the so-called ‘emerging markets’ – since 2000 however, has given the liberal standpoint renewed hope in the form of ‘multipolarity’.

One of the ways that Russia and China are presented as ‘progressive’ leaders of BRICS is the claim that they represent the former or present forms of ‘socialism’ that facilitate the transition from capitalism to 21<sup>st</sup> century socialism. Where they lack credibility as models of 21<sup>st</sup> century socialism for the masses, then at least they can be pushed in that direction by the example of the ALBA (Bolivarian Alliance for the Peoples of our America) states, namely; Venezuela, Brazil and South Africa that all have popular front Governments with strong mass support. This is also the case in Cuba, which in our view has restored capitalism under the influence of China and has now become the ideological cheer-leader linking BRICS to Bolivarian socialism that is promoted by the World Social Forum (WSF) as embodying the phoenix that rises out of the ashes of the ex-Soviet world. These popular front regimes are the models for a global popular front. Under the control of the governmental and corporate elites, BRICS continue business as usual exploiting the masses and polluting the planet. Yet mass pressure from below can force the BRICS to implement a popular socialist program. The strongest expression of this liberal populism was that of the “Brics from Below” conference held in South Africa during the 5<sup>th</sup> BRICS summit in 2013.

This theme was also taken up in the 6<sup>th</sup> Summit in Brasilia and Fortaleza, notably by Russia with its emphasis on political and military cooperation with Latin American countries, especially Venezuela and Cuba. Andrew Korybko writing in “Russia and the Latin American Leap to Multipolarity” argues that Russia’s resurgence from collapsed Soviet state to ‘Great Power’ status means it is attempting to recover its old spheres of influence.

Latin America figures strongly in this recovery:

“Russia has restored its Soviet-era global reach under Vladimir Putin, extending its influence all across the world. Because it fulfils the role of a strategic balancer, relationships with Russia are now more prized than ever as the world moves towards multipolarity. Certain contextual backgrounds make Latin America overly receptive to multipolarity and Russia’s grand foreign policy goals in this regard. Over the past decade, Moscow has spun a complex web of relationships to directly and indirectly extend its influence in the Caribbean and along both coasts of the South American continent. This strategy is not without risks, however, since all of Russia’s partners are vulnerable to various U.S.-sponsored destabilizations. If managed properly, however, Russia’s return to Latin America can

be a godsend for multipolarity, and it can even reverse the Pentagon's strategic initiative and for once place the U.S. on the defensive within its own natural sphere of interest... [a]round this time [around 2000], Russia was rising from the ashes of the Soviet collapse and finally returning to its Great Power status. It thus felt the need to expand its sway back into areas which it once held influence, and this of course included Latin America. Mutual visits, weapons deals, and energy contracts flourished between Russia and Venezuela since 2000, and both countries were already deep strategic partners by the time of Putin's 2010 trip to Caracas. Military cooperation in the naval and aerial fields solidified the relationship and showed both sides' commitment to one another. All of this influenced and has been in line with Russia's 2013 Foreign Policy Concept, where the pursuit of multipolarity is taken as an assumed granted (having first been stated as an official foreign policy goal in 2000) and increased interaction with Latin America is emphasized."

Cuba and Venezuela are the bridgeheads for Russia's return to Latin America, just as they have been for China. The ALBA states have established 'strategic' relations with both major BRICS powers. Bolivarian socialism or 21<sup>st</sup> Century Socialism has seized on Russia and China as non-imperialist, if not 'socialist', powers that can rescue them from U.S. imperialist subjugation and bring about the self-determination of the underdeveloped and 'emerging' nations globally. "Win-Win" deals will enable all partners in the BRICS to prosper together in harmony. Thus the rise of the BRICS represents a *re-balancing* of the global situation where U.S. imperialist hegemony is reigned in and power is more evenly distributed among a number of 'great powers'.

Not surprisingly, the 20<sup>th</sup> century socialism of Lenin and Trotsky is replaced by the 21<sup>st</sup> century utopia of multipolarity as the BRICS reform global capitalism, which once rid of the aberration of financial parasitism, realises a Smithian equilibrium of non-exploitative social relations among all nations. This liberal utopia is translated via the labour bureaucracy in the unions and politics adopting a more 'left', even 'Marxist' language. The debt to Kautsky, Menshevism and Stalinism is obvious in the potential of all these global powers to arrive at a policy of 'peaceful coexistence'. This marks the death of Lenin's theory that in the epoch of imperialism the major imperialist powers must fight for supremacy, or go into decline. Imperialism for Lenin might have been the highest stage of capitalism, but that is now passé as it is peacefully passing over into 21<sup>st</sup> century socialism.

So, it is no irony that 21<sup>st</sup> century 'Bolivarian socialism' replicates the patriotic fronts of 20<sup>th</sup> century Stalinism, which advocated that the international working class form political alliances, or popular fronts, with the 'democratic' bourgeoisies against fascism. Only the language has changed. In the new millennium, these popular fronts are between workers and the populist capitalist regimes posing as "market socialist," striking an anti-imperialist posture against the U.S. 'evil' empire. The model for this is Latin America where national populism is an historical response to the domination of the U.S. Empire and its direct intervention in regime change from 1896 in Cuba to 2009 in Salvador. Russia's late return and China's recent arrival in Latin America are as the 'saviours' of such populist regimes. China has

bankrolled Cuba's restoration of capitalism while Russia now steps in to forgive Cuba's debts and boost its military defence. However, as we have pointed out in Beware Falling BRICS, the idea that all the BRICS partners, even when pushed from 'below' by unions, NGOs and populist movements, can share equitably in a new 'multipolar' world, is a bourgeois utopia. Russia and China are emerging imperialist powers and their relations with the other BRIC partners are far from 'equitable'!

### (C) Radical Left

The Radical Left rejects the liberal reformist view of 'peaceful coexistence' *between great powers* and the potential for capitalism to be transformed into socialism *without* workers revolutions. The issue then becomes how is the socialist revolution to be won in the 21<sup>st</sup> century? The role of the Radical Left is to convince workers that capitalist exploitation can be eliminated by mobilising the working class behind the leadership of the petty bourgeoisie to equalise exchange. Imperialism therefore is no longer conceived as the ultimate stage of crisis ridden-capitalism where imperialist powers go to war to re-divide the world. *Lenin's concept of imperialism as anarchic state monopoly capital, adopted by the Bolsheviks, must be replaced by the Menshevik view of imperialism as political policy of the ruling class that can be replaced by a proletarian policy of socialist revolution as 'peaceful coexistence' between classes.* So while the radical left has to accept that Russia and China are emerging 'super powers' they must argue that they cannot be new imperialist powers. Rather they are reduced to relatively minor powers subordinated to the existing U.S.-led imperialist bloc and for that reason have a 'progressive', 'anti-imperialist' character that can counter U.S. hegemony and bring 'peaceful coexistence' between capitalist nations. We argue here that those who deny that Russia and China are imperialist do so having decided in advance that this is not possible because the U.S. is hegemonic. All sorts of labels are fixed to these subordinate powers - *sub-imperialist, regional imperialist, capitalist semi-colony, or even Deformed Workers States!*

We will prove that these are the empiricist impressions of petty bourgeois radicals. At the heart of their impressionism is their fetishised concept of finance capital. They break from Lenin who defined finance capital as the fusion between banking capital and productive capital. Imperialism is the epoch of monopoly where banks and large enterprises are jointly owned and collaborate closely to finance the accumulation process. *When banking (money capital) is separated from productive capital because of a crisis of overproduction, excess money capital outside the circuit of production cannot create new value and money begins to lose value. Speculating in existing values does not maintain the value of money since the claim of money on existing value leads to its devaluation until such time as it can be turned into money capital productive of value.*

That is why much of the U.S. banking capital and the U.S. dollar in particular is increasingly fictional capital that does not represent real wealth. The U.S. massive national debt reflects that its U.S. rising dollar wealth cannot be exchanged for declining U.S. owned production of value, and the debt is only sustainable by printing U.S. dollars. Instead of uncontrollable price inflation that would normally result, the U.S. dollar value is kept artificially high because it is in demand as the world currency that has to

be purchased to exchange for the value of commodities, in particular oil. *Therefore the argument that the U.S. is the world hegemonic power because of its control of global finance capital does not follow. On the contrary, the overproduction of capital due to the Tendency of the Rate of Profit to Fall, means that U.S. imperialism must undergo the huge destruction of its surplus capital. The spark will be the bursting of the debt bubble and collapse of the value of the U.S. dollar.*

**The hegemony of U.S. imperialism is therefore as fragile as the agreement of U.S. rivals to pay for commodities in U.S. dollars! We will prove that petty bourgeois ‘Marxists’ who fail to understand this reality overestimate the capacity of the U.S. to dominate its imperialist rivals financially, and thus underestimate the capacity of those rivals to accumulate their own genuinely finance capital based on the fusion of banking capital and productive capital. And this is of course a fatal mistake when it comes to understanding the current rise of Russia and China. The fact that Russia and China are over-accumulating capital and at the same time overproducing capital as fictitious capital that will have to be destroyed, is conclusive evidence that they are not subordinated to U.S. finance capital, but have developed their own finance capital.**

### **(1) Regional Imperialist (United Secretariat of the Fourth International *hereafter* USec)**

The regional imperialist view is held by the USec, the official ‘Pabloite’ international that claims falsely to represent Trotsky’s Fourth International, but ends up junking Lenin on imperialism and rehabilitating Kautsky’s ultra-imperialist position that the period we are living in is no longer one of inter-imperialist war!

“Today, capitalism is a global intertwined and integrated system under U.S. hegemony in a way which it was not in 1914. The two world wars of the 20th century were mainly wars of inter-imperialist rivalry to gain or maintain control of areas of the world. The outcome of these wars was the establishment of the USA by far and away as the major power in the world, ruling the capitalist system through its massive economic and even greater military power, and through institutions such as the World Bank, the IMF and NATO. This global capitalist system has further expanded with the restoration of capitalism in Russia and China, but this does not mean that inter-imperialist rivalries and the threat of regional wars are no longer on the agenda.

The form of U.S. hegemony in operation today means that weaker states are allowed to pursue their own imperialist ambitions and regional geo-strategic interests, including through military interventions conditional on them at least not challenging the main thrust of U.S. interests; something which is delicate to achieve as the imperialist ambitions of Russia and China have to a certain extent be at the expense of U.S. imperialism. If they step out of line, they become “rogue” states that have to be subdued militarily as in the case of Iraq, or sanctions imposed such as for Iran and now Russia. To maintain weaker states within the framework of U.S. imperialism, the latter has to carry out a lot of sabre-rattling. This is a dangerous game, as any incident such as the accidental downing of MH17 in Ukraine, or of the Iran Air plane by the U.S. navy in 1988 killing 269 people,

can rapidly escalate into a full military confrontation, the dynamics of which may no longer be in the hands of U.S. imperialism and its allies. But sabre-rattling should not be confused with a dynamic towards inter-imperialist war like that leading to the two world wars. This is not the nature of the period today.

As long as Russia remains within its regional geo-strategic sphere, Western imperialism (i.e. the USA and NATO) is not greatly concerned by Russia’s annexation of Crimea. The few sanctions against Russia announced are so far symbolic – mainly against individuals – and there are deep divisions on extending them because of arms and gas deals, and because of the globalisation of the capitalist system. Sanctions that hurt Russian capitalism also affect Western capitalism.”

Claiming Leninist orthodoxy, the USec says that Russia and China are unable to become more than ‘regional’ powers and that they are tolerated by the U.S. unless they challenge U.S. global hegemony. The U.S. remains the global power dominating its imperialist rivals without the need for major war. This is a as throw back to Kautsky’s “ultra-imperialism,” where the U.S. can impose its dominance across the globe with impunity. While the left must oppose Russia’s ‘regional’ imperialist designs such as in Ukraine, there can be no war between the U.S. and Russia because that would backfire and damage U.S. imperialism. This means that the left is disoriented and disarmed when it fails to recognise the decline of the U.S. bloc and the rise of the Russia China bloc which express their inter-imperialist rivalry in regional disputes and proxy wars. And where these proxy wars inevitably blow up into direct military confrontations between the two blocs, the left is faced with the pressure to defend the regional imperialist powers, Russia and China, against the world hegemonic power, the U.S. The fallacies of this neo-Kautskyism can be shown simply by going back to Lenin’s own critique of Kautsky:

*“...the best reply that one can make to the lifeless abstractions of “ultra-imperialism” is to contrast them with the concrete economic realities of the present-day world economy...Compare this reality –the vast diversity of economic and political conditions, the extreme disparity in the rate of development of the various countries, etc., and the violent struggles among the imperialist states – with Kautsky’s silly little fable about “peaceful” ultra-imperialism...an example of the division and the re-division of the world...The question is: what means other than war could there be under capitalism to overcome the disparity between the development of the 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?”*

Below we will prove that this theory is all the more applicable today to explain the rise of Russia and China as new imperialist powers driven by the necessity to re-divide the world by means of war.

## (2) Sub-imperialist (Socialist Fight)

Gerry Downing in Socialist Fight has a similar view to the U.S. He attempts to establish a firmer Leninist theoretical explanation of the difference between the dominant U.S. imperialism and the rise of Russia and China as rivals rather than regional geography. Socialists should side with Russia and China against the U.S. not because they are mere 'regional' or minor imperialisms, but because they are not imperialist, i.e., 'sub-imperialist'. Gerry Downing is not the only one who adopts the concept of 'sub-imperialism.' It originated in Brazil to characterize that country's role in the world. It means that such states are intermediary between semi-colonies and imperialist nations. They fall short of imperialism on the grounds that while they collaborate in the imperialist super-exploitation of semi-colonies, they remain semi-colonies and are exploited by the U.S. dominated international finance capital. There is no suggestion that 'sub-imperialist' states can become imperialist.

Downing uses the term to acknowledge Russia has 'imperialist' characteristics, but is prevented from developing into a full imperialism by U.S. financial hegemony. The barrier is not productivity since the "sub-imperialist" corporations are competitive with U.S. corporations, but political and military. Downing claims the U.S. is in decline (he implies that this is a decline of manufacturing competitiveness) and must increasingly go to war to stop Russia and China emerging as global rivals. Therefore the solution is for the international working class to defend Russia (and China) from U.S. warmongering and in the process trigger the defeat of U.S. imperialism.

The false premise in this theory is the ability of U.S. finance capital to subordinate Russian and Chinese imperialism in the same way it does other "sub-imperialist" nations (e.g., Brazil, India or South Africa) through control of global finance capital. Downing points out, that 'finance capital' is universal yet the U.S. is able to impose its hegemony because it owns the biggest banks including the IMF and World Bank. So no matter how competitive Russian and Chinese corporations are in the global market, U.S.-owned banks always take the lion's share of the super-profits extracted from the semi-colonial world. But to work, this must mean that the U.S. can monopolise finance capital and its accumulation in Russia or China. As we have shown elsewhere, this is not the case. Joint ventures with U.S. (and EU) capital in Russia and China allow value to be expropriated on the basis of low wages and low rents, but both Russia and China accumulate a major part of the value produced. The U.S. may have the biggest banks but these cannot monopolise the production of value in Russia or China, and hence cannot trap these countries in "sub-imperialism".

This is the same trap that Sam Williams falls into when he reduces finance capital to money capital in search of surplus value. This is the "decisive factor" in determining if a country is imperialist or not. But finance capital is separated from 'industrial' capital for Williams, while for Marx and Lenin finance capital is the fusion of bank and industrial capital. So for Williams finance capital makes a claim on surplus value; it does not have to be invested in the production of surplus value. By equating finance capital with money in banks, Williams reduces imperialism to "big banks." We reject this non-Marxist method and follow Lenin's criteria of 'export of finance capital' as measured

today by Outward Foreign Direct Investment (OFDI) 'directly invested' in producing surplus value. It means that Williams like Downing overestimates the power of U.S. banks to prevent Russia and China from accumulating value. In fact, Williams draws the conclusion that both Russia and China are semi-colonies of the U.S. (see below). However both Downing and Williams over-estimate the capacity of the U.S. to accumulate value, since the U.S. dollar cannot be a repository of value, and the vast bulk of its money capital value is fictitious capital. U.S. banks are technically insolvent because without the Fed printing of U.S. dollars they would be bankrupt. This explains why far from being hegemonic, U.S. imperialism is in decline and must go to war to plunder raw materials and labour power as the sources of more value. Here they face the emergence not of sub-imperialist powers, but of new rival imperialist powers that accumulate more real value than the U.S. and seek to replace the U.S.-dominated banking system with a rival system.

To fit their preconception that Russia and China cannot be imperialist, petty bourgeois Marxists look for empirical "facts" to validate their theory. Fictional pseudo-Marxist concepts like 'sub-imperialism' and 'regional imperialism' then reflect the *fetishisation* of the capacity of the U.S. economy to monopolise the production of value on the basis of *fictitious value*, and the 'de-valuing' of the production of real value by the Chinese and Russian economies.

**Logically, this leads to a reformist program that is no different essentially than 21<sup>st</sup> century liberal 'multipolarity' at the fetishised level of exchange relations. The radical concept of 'sub-imperialism' arises out of Underdevelopment Theory associated with Baran and Sweezy, in which exploitation occurs at the level of exchange leading to 'unequal exchange'. As a result the international class struggle, specifically a Bolivarian-type popular front with Russia and/or China, or 'BRICS from below', led by modern Mensheviks, can create a BRICS Development Bank and other mechanisms (e.g., a rival Society for Worldwide Interbank Financial Telecommunication –SWIFT) to challenge U.S. dollar domination of international finance capital over 'sub-imperialist' states, bringing about an 'equalisation of exchange', a redistribution of money as value, and a peaceful global socialist utopia.**

## (3) Capitalist Semi-colony (International Leninist Trotskyist Fraction - FLTI)

Carlos Munzer of the FLTI argues that Russia and China are semi-colonies. This is because as former workers states when they restored capitalism they were slotted back into the global capitalist division-of-labour as semi-colonies super-exploited by imperialism, in particular U.S. imperialism. Munzer's main argument against Russia and China as imperialist is that imperialist partition of the globe was completed by WW1 and therefore the oppressed countries recognised by Lenin at that time as colonies, semi-colonies or 'independent' countries, could not make the transition to imperialism. Munzer explains the role of Russia and China as that of semi-colonies serving the interests of U.S. imperialism. He explains their rapid economic growth and increased outward foreign direct investment (OFDI) as the provision of cheap raw materials and cheap labour as inputs into U.S. multi-nationals' production in China. Therefore, China



cannot profit from its growth and accumulate capital in its own right, as it has to pass the lion's share of the surplus value on to U.S. imperialism.

As we have pointed out in a number of [articles](#) on this question, this is the other side of the coin of Pabloist empiricism. Empiricism fits the "facts" to preconceptions without investigating the essence of reality. Pablo was the main leader of the post WWII Fourth International, who argued that Stalinism was a progressive force allied to democracy to smash fascism and so would power on into the future dragging the working class along with it. That is, he fitted the "facts" that Stalinism was historically progressive into a preconceived Menshevik schema that capitalism would peacefully evolve into socialism without a Bolshevik revolution! The reverse side of this position is to state one's preconceptions as dogma and ignore all facts that don't fit the dogma. Thus Munzer ignores the need to explain the surface appearances of a 'superpower' and takes the dogmatic position that, since Lenin excluded the rise of new imperialist powers, the economic expansion of Russia and China must be to serve existing imperialism. Hence Munzer made a propaganda bloc with the JRCP (Japan Revolutionary Communist Party-Koroda) in Japan which recognises Russia and China as 'super-powers' while simultaneously rejecting Lenin's theory of imperialism as no longer relevant!

All these radical left positions on Russia and China today seek to apply sundry revisions of Lenin's theory of imperialism to prove their preconception that they are NOT imperialist powers. Williams' is perhaps the most blatant revision of Lenin's concept of 'finance capital' as the merger of banking and industrial capital, to mean money in banks that has a claim on surplus value. This conflates capital productive of surplus value directly invested to realise super-profits, as a response to the Tendency of the Rate of the Profit to Fall (TRPF), with fictitious capital speculating in existing values, as a *symptom* of the TRPF, i.e. the overproduction of money capital. As we have argued [elsewhere](#), this fails to grasp the essentials of Lenin's theory based on his dialectic method. The Bolshevik Revolution broke the reality that the whole world was partitioned among imperialist powers. They spent the next 70 years invading or blockading Russia and China in the attempt to collapse the Soviet bloc but only succeeded around 1990. The assumption that history then jumped back to 1917 and the imperialists simply squabbled over who would get the spoils of the ex-soviet world cannot explain the reality that Russia and China, unlike the other smaller members of the Soviet bloc – Vietnam, Cuba etc., – did not become mere semi-colonies of one or another imperialism, but emerged as new imperialist powers.

Thus both the empiricist and dogmatic deviations from Marx, Lenin and Trotsky's dialectics fail to resolve the dilemma that the obvious appearance of new 'super-powers' cannot be explained by other than the rise of new imperialisms. The answer to this dilemma is provided by revolutionary Marxists who understand and apply materialist dialectics to all questions.

#### (D) Revolutionary Marxist

For Marxists this dilemma can only be resolved by recognising the reality that emerging 'super powers' must be imperialist. 'Multipolarity' therefore is no master plan for peaceful

coexistence but rather a Kautskyite-Stalinist-Menshevik 'smokescreen, thrown up to disguise the rapid escalation of inter-imperialist rivalry between two major imperialist blocs.

As we have argued, Lenin's theory was based on materialist dialectics which can be developed to explain the rise of imperialist Russia and China out of the [ashes of the former workers states](#). The partition of the world by the imperialist powers was broken by the Bolshevik Revolution which began the process of forming a Soviet bloc which was independent of imperialist domination and oppression. This national independence from imperialism (the overthrow of the national bourgeoisie and defeat of imperialist invasions) created the conditions for the development of the forces of production beyond that possible in a capitalist semi-colony.

It follows that we draw political conclusions from dialectics. Theory and practice are united in the class struggle in which Marxists participate. Unlike the neo-liberal ruling class who preach cold war between nations, and their liberal ideologues who take sides according to which nation is judged as 'oppressive', 'rogue' or 'terrorist' in its use of power against the people, or the radical left that subcontracts the defence of 'oppressed' countries to populist leaders, we take Lenin's position and declare that the working class is the only revolutionary class and that our main enemy is the ruling class of our own country or the imperialist power(s) that oppress it. It is the first duty of workers in the imperialist countries to defeat their **oppressors** at home.

The Marxist view is that Russia and China are developing as imperialist rivals to the U.S. led bloc of powers. Each annual BRICS meeting hosted by one or other member, shows that it is becoming a new power bloc seriously threatening the U.S. led bloc. This is not just evident from the fact that both Russia and China clearly display the features of imperialism, in particular crises of overproduction and export of capital, but that through their BRICS partners, Brazil, India and South Africa, they have strong partners in extending their influence in Eurasia, Middle East and North Africa (MENA), Asia, Africa and South America. In our view only Russia and China are imperialist members of BRICS while the others are subordinated as semi-colonies. This is evident from their trade, production and finance deals as we will show. The semi-colonial BRICS serve as dutiful allies in the expansion of the China-led imperialist bloc into their respective South Asian, Latin American and African spheres of influence. Those who argue that all or some of the BRICS are either regional- or sub-imperialist are empiricists basing their arguments on criteria that owe nothing to Marxism. Patrick Bond, writing in *Links*, defines [sub-imperialism](#) as enabling neo-liberal imperialism to further its policy of 'accumulation by dispossession'. This is a definition of imperialism at the level of exchange which means that all the BRICS act as 'sub-imperialist' cronies or agents of U.S. and EU imperialist powers. However, as we will prove, Russia and China extract imperialist super profits from their BRICS semi-colonies in their own right, and far from serving U.S. and EU imperialism, are the basis of the emergence of the rival China/Russia spheres of influence.

What this dynamic reflects is that the conditions that allowed Russia and China to escape semi-colonial subservience to the U.S. bloc of powers also enable them to follow the same classic road of rising imperialisms competing with existing imperialisms. This means exporting capital to the semi-colonial world, and

then as super-profits accrue, draining this world of surplus value, and setting limits on the semi-colonies capacity for their own capital accumulation. So we can document in Eurasia, Africa and Latin America, Russia and China acting on the basis of the laws of capitalist accumulation. Russian and Chinese Foreign Direct Investment (FDI) becomes the basis for vertical integration and monopoly control of production, distribution and exchange. As we shall see, Russia and China are expanding their OFDI into the semi-colonial BRICS (not all at the same rate) through loans in exchange for oil, and mergers and acquisitions in mining, agriculture, construction and manufacturing, etc., all of which is designed to create a monopoly of production from raw materials to finished products shipped to market. The essence of this is the rapidly rising share of surplus going to Russia and China, and the much smaller rise in the share going to India, Brazil and South Africa.

by rising threats and nuclear sabre rattling.

**What is missing on the revolutionary left is a coherent critique of the role of BRICS as a new brand of “social imperialism from below” promoted by the World Social Forum (WSF) and fusing the neo-Stalinist and fake Trotskyist left into a new batch of Mensheviks, diverting the workers into a global popular front and tying their hands in the face of the escalating economic, political and military wars between the two imperialist blocs. In the absence of such a revolutionary theory there is no program to unite the international working class behind a revolutionary party and a revolutionary communist international.**

Table 1 below shows that from a weak start in 1995 when capitalism was barely restored in Russia and China, all the BRICS had modest levels of FDI. Since then both FDI and OFDI has increased markedly. But we can see that the trajectory is different for Russia and China on the one hand and India, Brazil and South Africa on the other. First, the magnitude of both FDI and OFDI is much greater in the case of Russia and China. Second, while OFDI is 55% of FDI averaged over India, Brazil and SA in 2013, for the same year, OFDI averages 80% of FDI for Russia and China. This is a snap shot of a dynamic process however, and flows of OFDI exceeded flows of FDI in Russia after 2010 while China is expected to become a net exporter of FDI in 2014. On the other hand we would expect the rise of OFDI in the semi-colonies to stagnate and even decline as the ownership of the Multi National Corporations that engage in export of capital succumbs to imperialist ownership and control.



*Maidan: The color revolution in Ukraine brought the flags of the fascists to the fore*

That the BRICS semi-colonial partners serve the interests of Russia and China is also evident from the fact that this is recognised as such and is provoking a retaliatory response on the part of the U.S. led bloc. It is this response that confirms that BRICS is not merely an association of ‘emerging markets’, ‘regional powers’, or the rise of a ‘multipolar’ system that replaces the U.S. ‘unipolarity’. Rather, it is perceived by the U.S. as a rising imperialist bloc that has created a core sphere of influence as BRICS based on production, trade, finance and political agreements that can only erode sphere of influence as BRICS advance at the cost of U.S. decline. Currently while the two power blocs are facing each other in MENA, Africa and Latin America, it is in Eurasia where the stakes are highest. Here we can see the growing inter-imperialist rivalry escalating from trade wars to military confrontation and local wars, accompanied

**(1) EURASIA**

The stakes are highest in Eurasia because here the heartlands of the two power blocs confront each other directly from Europe to the Pacific Ocean. The NATO powers confront Russia directly over the Ukraine. The U.S. and its ally Japan confront China directly over the territorial waters of the East and South China seas. These hotspots are therefore the most convincing test of the liberal ‘multipolarity’, radical ‘regional’ / ‘sub’ imperialism, and Marxist inter-imperialist rivalry theories. Already we see the liberal and radical theories bankrupted by events. In the Ukraine, the U.S. bloc is using NATO not to ‘negotiate’ the containment of Russia to prove that its global hegemony remains intact, but to impose economic and military sanctions to weaken Russia and challenge its regional power in Eurasia.

The result is not a victory for the U.S. bloc, but the consolidation of the China/Russia bloc and the weakening of the links tying the European powers to the U.S. bloc, as the two blocs exchange political, economic and military threats.

BRICS	FDI Stock in \$billions	OFDI Stock in \$billions	FDI Stock in \$billions	OFDI Stock in \$billions	FDI Stock in \$billions	OFDI Stock in \$billions	FDI flow over OFDI flow
	1995	1995	2010	2010	2013	2013	2013
Russia	6	3	490	366	576	501	79/95
China	101	18	588	317	957	614	124/101
India	6	0.5	206	97	227	120	28/2
Brazil	48	45	682	191	735	293	64/-4
S Africa	15	23	180	83	140	96	8/6

Table 1 Based on UNCTAD World Investment Report - Country Fact Sheets

This is evident as Russia looks to China in building trade relations and joint ventures to counter sanctions. Most notable is the huge deal over gas. This deal ignores the U.S., dollar showing the petroyuan is on the way. A 21<sup>st</sup> century Silk Road is being driven from China into Europe and by sea from China into the Middle East. In meeting financial sanctions we have seen how BRICS is attempting to set up a rival development bank to counter the World Bank and IMF. Russia and China are now responding to U.S.-driven financial sanctions against Russia by



advancing talks to set up a rival SWIFT bank of international settlement that will further undermine dollar hegemony. This will integrate the Russia-China bloc's competitive advantage in production of energy and manufacturing with a banking system that challenges U.S. dollar hegemony.

The current weakening of the EU is the outcome of the so-called Global Financial Crisis (GFC) of 2008. The U.S. downloaded its profit crisis onto the EU and forced the weakest states into bankruptcy. Greece and Italy had crisis regimes run by former employees of the U.S. finance broker Goldman Sachs, to ensure that austerity measures imposed on the working class make it pay for the U.S. crisis. The debt burden of the weakest states impacts heavily on Germany and France. Germany is attempting to produce its way out of the risk of default rather than print money and is now heavily economically interdependent on Russia and increasingly China for economic inputs and markets:

“Merkel will be under pressure to prioritise the economic relationship even more than before because of the slowdown in Germany” says Hans Kundnani at the European Council on Foreign Relations, a foreign policy think-tank based in London. “The EU is China’s largest trading partner, with Germany accounting for about one-third of total Sino-EU trade.”

Other European states are being torn between the two blocs. Armenia is to join the Eurasian Economic Union (EEU). Turkey is to consider joining the EEU. Bulgaria is dependent on Russian Gas. Serbia proposes an FTA with Russia and sides with Russia on the South Stream pipeline. This strengthens the Russia/China bloc position with the EU as growing tension within the EU over alignment to the rival blocs is reflected in the strong popular opposition to the U.S.-driven trade war with Russia that will cost jobs and profits. The U.S. is trying to counter the powerful pull of Eurasia with its Transatlantic Trade and Investment Partnership deal, the TTIP. There is widespread opposition to this partnership as advantaging U.S. corporations at the expense of the sovereign rights and powers of EU states.

Does this amount to an emerging ‘multipolarity’? Not as the liberals conceive it, since the EU states are being pulled in two directions by the two big blocs. Nor as the radicals conceive it because every move that attempts to break the EU away from Russia-China is pulling the EU apart and strengthening the China/Russia bloc. The U.S. is in decline and to survive it has to impose costs on its EU partners. U.S. wealth in turn is propped up by a hugely overvalued dollar pegged to oil prices. The China/Russia bloc is on the rise and offers benefits to the EU which the U.S. cannot match. Moreover these countries are not doing oil deals in their own currencies rather than the U.S. dollar. This dynamic tug of war over Europe between a declining bloc and a rising bloc invalidates the dogmatism that U.S. dollar hegemony prevents Russia and China from becoming more than regional powers.

**To sum up, Germany is drawing closer to the China/Russia bloc as a weakening of solidarity inside the U.S. bloc allows Russia and China to make inroads. This is a tale of two blocs not of multipolarity. The win-win liberalism is a mirage as the zero-sum nature of the ‘Great Game’ unfolds.**

If we go to the other side of the Eurasian land mass, the Asia-Pacific Rim, we see that the U.S. bloc is ramping up hostility to China’s attempts to stake claims to oil and other resources in the East and South China Seas. It has yet to reach the level of crisis that is evident in the direct military confrontation in Ukraine. But there is no doubt this is not a negotiated settlement between equals. This is a display of U.S. power to deter China from stepping beyond its regional limits, because the U.S. fears China’s global expansion at U.S. expense. Thus the U.S. is pushing its Trans Pacific Partnership Agreement (TPPA) to a quick completion, ahead of China’s rival multilateral deal, so that the TPPA will allow U.S. corporations to make further inroads into China. U.S. investors in countries like Australia, NZ, Chile, ASEAN members, etc., that already have FTAs with China will be able to maintain their leverage in China. And just as the TPPA is the Pacific partner to the Atlantic TTIP, the U.S. military alliance RIMPAC in the Pacific is the beginnings of an equivalent of NATO in Europe, which so far allows China to participate. Now this may seem odd for rivals to participate in joint military exercises, but this is a temporary *quid pro quo* in return for China’s participation in the anti-piracy flotilla off east Africa and guarding access to Middle East oil.

In South Asia, India is the BRICS partner that dominates that region. However it is not an imperialist power and is dominated by the U.K., Japan and U.S. imperialism. Nor in our view is India a ‘regional’ or ‘sub-imperialist’ power. A comparison of Chinese and Indian OFDI shows that the accumulation of surplus capital leading to capital export in India is relatively small and not rising significantly in relation to FDI. The drivers of OFDI are not primarily the need for raw materials or new technology but the more liberal regulatory regime in India which allowed OFDI into larger developed markets for services and manufactures. What this shows is that India’s OFDI is not primarily the result of the export of capital to counter the tendency for the rate of profit to fall by sourcing cheaper raw materials, land and labour power. India’s OFDI is much smaller than its FDI and targeted at developed markets.

This indicates that its place in the global division of labour is as a semi-colonial source of super-profits more than the ‘colonial’ super-exploitation of ‘developing’ markets. This supports our argument that longstanding semi-colonies like India cannot break free of imperialist super-exploitation to become new imperialist powers. It also means that India as a member of BRICS is now being integrated into the China/Russia bloc as a semi-colonial source of super-profits rather than an emerging imperialist power, in the same way that Brazil and South Africa are. This is confirmed by the vulnerability of these three BRICS to the ‘great recession’ of 2008 which saw their growth rates lag compared to those of Russia and China.

Let’s look at the evidence. Is India becoming a semi-colony of Russia-China rather than U.S. and EU imperialism? Not yet. China is India’s main trading partner with two-way trade reaching \$70 billion in 2013. Its trade deficit with China was \$40 billion. The comparative figure for U.S.-India trade is \$64 billion while the U.S. has a trade deficit of \$20 billion. But beyond trade China has yet to get begin seriously investing in India. USFDI stock since 2000 is \$12.2 bn compared with China’s miniscule \$0.4 bn in the same period. It remains to be seen if China uses BRICS to strengthen economic and political relations and overtake the

U.S., Japan and U.K. as the main imperialist investors in India. President Xi Jinping's promise of a loan of \$20bn during his recent visit to India fell well short of Prime Minister Modi's expectations:

“During his [election] campaign, Modi was wagering that India would increase its economic might and strengthen its position in the world, and he was looking to economic cooperation with China as a way to achieve that goal. Modi gives China credit for its economic buildup, and he is striving to transfer its experience to benefit India's industrial growth. He is primarily pinning his hopes on Chinese direct investment, which in the last 14 years has not exceeded \$400 million because of previous policy restrictions.”

Given China's recent emergence as an imperialist power, and the long-standing domination of India by U.K., Japan and the U.S., China's relationship is still mainly about exporting cheap manufactures to India. Yet the trajectory of its dynamic relationship will probably follow the same pattern as Brazil and South Africa where it has developed FDI from resource extraction to include infrastructure and/or setting up branch factories producing home appliances, autos, etc. Bi-lateral relations between India and Russia point in the same direction with deals in the areas of defence, space and nuclear energy.



*Free Kurds do not recognise borders*

## (2) MENA

The Middle East is once again proven to be an ongoing site of inter-imperialist rivalry via proxy wars. No sooner had Israel's latest bombardment of Gaza ended in a fragile ceasefire, than the ISIS began its campaign in Iraq and Syria. The rise of ISIS challenged the pact between the two rival blocs. The relative stalemate between the imperialist powers in Iraq and Syria as part of the containment of the Arab Revolution broke down again as Obama launched another war in these countries. Everywhere we can see the evidence of the latent rivalry between the rising bloc against the declining bloc. The Arab Revolution had not been contained by the NATO powers and by Israel without the rise of Islamic militancy filling the vacuum left by the relative weakness of the secular left. To counter this threat, the U.S. has chosen to compromise with the BRICS (Russia, China and their client Iran and possibly Egypt) so long as this does not threaten its power base in MENA. The U.S. initially looked to Iran, backed by China and Russia to re-stabilise Iraq. However, after its collaboration in replacing Maliki with another Shia head of govern-

ment, the U.S. and Iran have not reached agreement on the latter's participation in the coalition against IS. Thus the rival interests of the two blocs are revealed by the direct return of the U.S. to military intervention in MENA.

Obama's new turn to war on the Islamic State (formerly ISIS) is being sold as a continuation of the 'war on terror' but its real target is to contain China and the BRICS influence in MENA. Under the pretext of a war on IS 'terror', the U.S. keeps a military presence in MENA to counter China's growing influence on the Arab states. The war against IS will be a long war and inevitably lead to the partition of Iraq into (1) an Islamic State tolerated by Assad, Russia and Turkey as a barrier to the Arab and Kurd social revolutions; (2) a Kurdish state in Iraq backed by the U.S. against the Kurd social revolution; and (3) a Shia state in the south backed by Iran and China, each staking out rival oil claims. But none of these militarised states will in the long run be able to suppress the masses by invoking sectarian or religious terror.

Syria and Libya will also be drawn into the war on the Islamic State creating rival national bourgeois factions backed by the China and U.S. blocs against the masses and radical Islam. NATO intervention in Libya was unpopular in Africa and MENA, with China and South Africa backing Gaddafi. Yet neither side was able to disarm the rebels and the re-opening of civil war will see both blocs try to control the outcome with BRICS backing the armed rebels against the NATO backed regime. If the revolutionary international forces do not intervene to support the Arab revolution, the rival blocs will continue to fight proxy wars to defend their interests at the expense of the Arab Revolution.

Syria today also reflects a stalemate where the BRICS power Russia backs Assad while the U.S. and its Saudi and Gulf allies back their factions in the opposition. Turkey is balanced between the two blocs since its main concern is to stop the Kurdish social revolution in Rojava from destabilising the Turkish state. So far neither side is able to win but given the failure of the world revolutionary left to decisively intervene on the side of the revolutionary masses, a prolonged stalemate is likely.

While there is no clear outcome yet in MENA, it is obvious that the U.S. and China led blocs are staking out their oil holdings, not as partners but as rivals. However MENA is repartitioned, this is clearly not a process in which Russia and China are mere regional powers, nor are they engaged in a negotiated re-balancing of U.S. 'unipolarity' as 'multipolarity.' Imperialism is a zero-sum game. While the power blocs may cooperate to suppress the masses, in the end it is the masses that will pay for their crises and wars unless an independent workers movement throws out both imperialism and their mercenary regimes.

### *Communist Workers Group*

#### **Mid-August, 2014 Conjunctural Theses on the Class Struggle: From Palestine to Ferguson**



<http://cwgusa.wordpress.com/>



South Sudan's President Salva Kir welcomed by President Hu Jintao

### (3) Africa

Nick Turse claims that Washington's 'Pivot' to Africa now involves Africom in 49 of 54 countries. Its objective is to checkmate China's reach into Africa. If we want a test case that proves the point that Russia and China are neither sub-imperialist nor 'regional imperialisms' we only need to look at the war in South Sudan. Here, there is a brutal proxy war that proves beyond doubt that the U.S. and China are deadly rivals in the war for oil. Nick Turse writes that South Sudan is second only to Liberia as a state that the U.S. has propped up in the hope of creating a 'democratic' bridgehead in Africa. But after pumping many billions of dollars to break the South away from the North, the experiment has failed. It is China that has stolen the march and controls most of the oil and is bankrolling the new regime. The war that is now raging is a proxy war between the regime armed by China and a rebel army backed by Uganda and the U.S.

China presents itself in Africa as an "equal partner" in development, making "win-win" deals which creates "double-happiness." Against this propaganda, Howard French, in his recent book "China's Second Continent", recounts one of many cases in which Chinese investment in Africa exploits African labour and natural resources. The Chambishi Copper Mine in Zambia reveals a record of labour abuse and violence against protesting workers. It is obvious that Chinese firms will try to pay starvation wages (\$100 a month versus a \$700 subsistence cost of living) and impose unsafe working conditions, when it can get away with it. After a decade of super-exploitation at Chambishi under a succession of pro-China regimes a change of government in 2011 almost overnight forced a wage increase of 85%. Deputy Minister of Labour in the new Michael Sata government, a former mining workers' union President interviewed by French stated that in Zambia, China treats workers unfairly, was corrupting politics, and was not developing Zambia to share in the wealth of its natural resources.

But it is South Africa (SA) that proves beyond doubt how BRICS serves Russian and Chinese imperialism in Africa. SA is the BRICS member that is the intermediary between Russia and China and the whole African continent. The African National Congress (ANC) dominated by the South African Communist Party (SACP) leadership takes a similar line to the Bolivarian left in Latin America. The movement to counterpose a "BRICS from Below" to the business interests of the BRICS corporations has its origins at the 2013 BRICS meeting in SA. The ANC

has a strategic relationship with China and Russia to develop Africa as the 'socialist' alternative to U.S. and EU imperialism. In particular it has opened the door to China to use SA as a launching pad to produce and assemble Chinese made goods for the African market. The BRICS meeting in SA included a proposal for a new Development Bank, symbolic because small and funded by equal shares. But in reality China already has investments in Africa via the China Export-Import bank which are bigger than the World Bank. And bilateral finance follows trade deals, and other loans are targeted at specific development projects. BRICS has been attacked as a back door for Russian and Chinese 'colonial' exploitation of Africa, and as having no regard for climate change. Bond calls this "co-dependence on Eco-Financial imperialism". If we want an especially brutal example of "eco-financial imperialism", China's bankrolling of Mugabe's regime in Zimbabwe to plunder its rich minerals and diamonds destroys the livelihoods of indigenous miners and lays waste to the environment.

If we need convincing proof of Lenin's charge that inter-imperialist rivalry must lead to war:

"...the best reply that one can make to the lifeless abstractions of "ultra-imperialism" is to contrast them with the concrete economic realities of the present-day world economy..."  
(Imperialism, the Highest Stage of Capitalism)

Clearly, in opposition to Lenin, the ANC Stalinist view of African development in which the African states share in "win-win" deals with Chinese and Russian investment, is a popular front with imperialism no less than its long-term relationship with British and U.S. imperialism. And as the rival blocs scramble to plunder Africa to extract super-profits and maintain their capital accumulation, this rivalry is already leading to local proxy wars. The military build up of AFRICOM means that the U.S. recognises that China and Russia are not 'sub-imperialist' nor 'regional imperialist' powers but deadly rivals. Those on the left who hold the BRICS to be a 'progressive' alternative to imperialism are the enemy of the proletariat and poor peasants.



### (4) Latin America

The BRICS as 'alternative to imperialism' propaganda is most advanced in Latin America for the reasons outlined above. Brazil as the only Latin American BRICS partner plays a key role. Some of the Brazilian Trotskyist left regards Brazil as sub-imperialist. However, it is clear to U.S. that this is not the case. Ana Garcia's 'Building BRICS from below' provides evidence



of the “concrete economic realities” proving that Brazil is a semi-colony in the global popular front with Russia and China, doing corporate deals, and its unions and NGOs are attempting to negotiate terms on ‘labour’s share’, sustainability, climate change, etc. Garcia lists all the ‘organisations’ which participate ‘from below’ in this popular front in Brazil. On the far left of this popular front, ostensibly revolutionary organisations such as Coletivo Lenin advocate a vote for the PT popular front with the BRICS against the right-wing threat of a coup. So it is in Latin America that the Trotskyist left is most strongly hooked on the illusion that China and Russia are ‘anti-imperialist’ partners in development as the alternative to Yankee Imperialism! Here we will follow Lenin’s lead again and put the “ultra-imperialist” abstractions to the test of reality of “concrete economic realities”.

We have written at length elsewhere on how Cuba has joined Venezuela as semi-colonies of China. We now have to add the role of Russia in Cuba. Here we want to concentrate on Argentina and Peru as special cases where Russia and China are making inroads, sometimes using Brazil as semi-colonial intermediary, in expanding their ‘sphere of interest’. In doing so we are critiquing particularly the FLTI and the COR in Argentina and the NRCI in Peru. The BRICS invited Argentina to the 6<sup>th</sup> summit as a prospective member. Here is Pepe Escobar’s take on Argentina:

“This Russia-China commercial/diplomatic offensive fits the concerted push towards a multipolar world - side by side with political/economic South American leaders. Argentina is a sterling example. While Buenos Aires, already mired in recession, fights American vulture funds - the epitome of financial speculation - in New York courthouses, Putin and Xi come offering investment in everything from railways to the energy industry.”

Escobar is here claiming that Argentina is a fit case to join the BRICS ‘multipolar’ world to escape from the predatory, ‘scavenging’ U.S. imperialism. Will China bail out a bankrupt Argentina? Is the currency swap between Argentina and China part of the BRICs policy of ‘de-dollarization’? Can the West keep Putin’s hands off Argentina’s oil or the nuclear industry? Will Argentina join the BRICS and participate in the ‘multipolar’ utopia? This is the hopeful view shared by the Bolivarian left for which Russia and China are ‘anti-imperialist’ if not ‘socialist’ powers that can be pushed to the left (“BRICS from Below”) to share in a “win-win” economic and social development in Latin America.

A more cynical Trotskyist left such as the FLTI and COR rejects this benign view and damn the BRICs as the agents of hegemonic U.S. finance capital. Our differences with the FLTI are well known in our literature, and we have summarised them above, so we will not repeat them. Here, we will take up the position of the COR on the BRICS and subject it so Lenin’s dialectics. For the COR of Argentina:

“The 6th BRICS summit held in Brazil is the intent of the semi-capitalist “Emerging” and Bonapartism Chinese and Russian restorationists to show decadent capitalism still has a future under the alleged new opportunity for growth that a “multipolar world would give.” This reactionary fiction resonates with all bourgeois and petty bourgeois charlatans

not only in the “periphery”, but also in the financial centers of New York, London, Frankfurt and Paris. This is not surprising to anyone, as this motley grouping of “emerging capitalisms” called “BRICS” was an invention of the financial institutions such as Goldman Sachs, seeking to provide a solution for speculative capital after the crisis of 2000-2001.”

For the COR the BRICS are semi-colonies and Russia and China are restoring capitalism as Bonapartist states oppressed by the U.S. and EU. This is a conspiracy of Wall Street to download the crisis onto the BRICS and fool the masses into believing that this is an ‘anti-imperialist’ alternative to U.S. imperialism. This puts the COR into the same dogmatic ultraleft camp as the FLTI in denying that Russia and China form a new imperialist bloc which includes the BRICS, with increasing influence in Latin America. The dogmatic rejection of reality depicting BRICS as U.S. agents is the reverse side of the opportunist “BRICS from Below” coin. It is a weak explanation for the increasing direct involvement of Russia and China, which like in Eurasia, MENA, and Africa, is obviously antagonistic to U.S. imperialist interests. The dogmatic position is therefore unable to counter the opportunism of the Bolivarian left popular front with BRICS. Both disarm the masses in the face of the development of inter-imperialist rivalry between the two blocs.

The NRCI is a recent split from the FLTI based in Peru. As far as we know, the NRCI shares the FLTI view of Russia and China as ‘independent’ capitalist states subordinated to hegemonic U.S. imperialism. Yet Peru of all Latin American nations has been subjected to direct Chinese investment in mining that has faced militant mass resistance for more than 10 years. Let’s check out these ‘concrete economic realities’.

Bolivarian opportunists like Morales claim that Chinese investment in Latin America is somehow more “progressive” than U.S. investment. This would mean extracting *lower* profits than the U.S., and certainly not ‘super-profits’ from mining. The dogmatists also argue that China has to extract *lower* super-profits as a ‘proxy’ of U.S. imperialism; not because it is “progressive” or “anti-imperialist” but because it is subsidising the raw material and labour costs of U.S.-owned corporations, such as Apple producing electronics in China. We argue elsewhere that there is no evidence that China subsidises the inputs of foreign investors in China. To be able to do that and accumulate capital at the rate it is doing, it would have to gain access to very cheap labour and raw materials to extract huge super profits so as to be able to share part of its surplus value with U.S. imperialism.

What we find in Peru however, is that when the historical anomalies are accounted for, Chinese and non-Chinese mining corporations operate in much the same way. The first Chinese mine acquired in Latin America in 1992, Shougang Hierro Peru, has a 20 year old legacy of labour problems due to its failure to modernize. This mine operates with outdated machinery and has a tough labour regime to extract super-profits by intensive exploitation. Yet allowing for its outdated machinery, when Shougang Hierro Peru is compared with a more modern U.S. metals mine dating from 1997, Doe Run Peru, the rate of exploitation, labour and environmental conditions are not significantly different. This is an important finding and it is confirmed by the comparison of more recent Chinese FDI in mining in Peru with non-Chinese

FDI.<sup>1</sup> Using Irwin and Gallagher's data, we argue that more recent Chinese mining investment, as with U.S. and other mines, follows a similar pattern.

While all take advantage of the relatively lax enforcement of labour and environmental regulations to drive down wages by employing contract labour, there is no firm evidence to show that China behaves any differently than non-Chinese investment in mining in Peru. There is a clear trend from intensive labour exploitation at Shougang Hierro Peru, dating from 1992 (at which point China was restoring capitalism), towards rising labour productivity in more modern, efficient mines that are operated in much the same way as non-Chinese mines. Therefore China is no more or less exploitative than its FDI rivals when cost of raw materials, level of technology and labour and environmental regulation are taken into account. The opportunist belief that China is a "progressive" non-imperialist alternative to U.S. and other imperialist powers in mining in Peru is false. Equally false is the dogma that China acts as the 'agent' of U.S. imperialism (FLTI and NRCI) or "Wall Street" (COR Argentina).

The liberal and radical ideology of BRICS as a 'multipolar' grouping of 'emerging markets' or 'sub-imperialists' that are a global counter-force to U.S. hegemony has no basis in the truth in the mines in Peru. We would say that this must also be the case from Cuba to Patagonia. The workers of Latin America and every continent where BRICS operates are no less exploited by the rise of Russia and China as emerging imperialist powers than they are by U.S., EU and Japanese imperialist powers.<sup>2</sup>

## Conclusion

There is nothing 'progressive' or 'anti-imperialist' about BRICS. BRICS are not all the same. They are not all 'emerging markets', not 'developing' countries, not 'sub-imperialist' nations subservient to U.S. and EU imperialism. Such false impressionistic conceptions allow their bourgeoisies to masquerade as the 'multipolar' alternative to U.S. imperialism, capable of redistributing global wealth. And on this basis the labour bureaucracy, reformists and centrists, present popular front governments as 'anti-imperialist' and 'progressive'. That is why Evo Morales can claim that the recent electoral victory of the MAS popular front party was a victory for 'anti-imperialism'. This is just another instance of states that subscribe to the Bolivarian, Castroist, ANC and World Social Forum global popular front with China and Russia. But BRICS are not equal, and we have shown that they cannot make 'win-win' deals. Even if the bourgeoisies of South Africa, Brazil and India get a share of the super-profits, it is the workers and poor peasants that will lose both their livelihoods and their lives.

This is because the BRICS are all capitalist countries subject to the laws of motion of capitalism in its imperialist epoch. This means that they are either semi-colonies of existing imperialisms, or become semi-colonies of new imperialisms. The new BRICS Development Bank is no better than the World Bank or the IMF. It is finance capital concentrated in the two imperialist powers that enters into the circuit of production to produce super profits in the semi-colonial world including India, South Africa and Brazil as well as any prospective members such as Argentina and Egypt. It thus competes with finance capital of the U.S. bloc to plunder the world's resources to the point of climate chaos and

human extinction.

We have explained why Russia and China have emerged as new imperialist powers. They escaped semi-colonial oppression when their national revolutions expropriated the capitalist ruling classes. Such independence could only be sustained by isolation from global capitalism which enabled these states to escape the fate of semi-colonies. Capitalist restoration allowed these states to jump straight into highly centralised state monopoly capitalism and emerge as new imperialist powers. Those BRICS which never expropriated their national bourgeoisies could not and cannot escape the trap of semi-colonialism within BRICS itself. **Their membership of BRICS cannot protect them from the laws of motion of the imperialist epoch.** BRICS is governed by these laws as much as the semi-colonies of U.S. and EU imperialism. That is why SA, Brazil and India (and prospective members of BRICS) look to Russia and China to rescue them from U.S. hegemony. They think that Russia and China have succeeded in 'breaking these laws', in part attributing it to their history as Deformed Workers States but also to their capacity to out-produce the declining U.S. bloc.

But there is no escaping the laws of motion of capitalism in its imperialist epoch. Capitalism can only survive by increasing the rate of exploitation of workers and peasants. And in the epoch of imperialism, capitalist crisis drives the imperialist powers to send their workers to war to re-partition the world and grab what is left of nature to destroy. For humanity and nature to survive the working class as the only revolutionary class must overthrow its ruling class. This is as true of Russia and China as of the U.S. and EU imperialist powers. BRICS cannot rise from soviet ashes to put an end to capitalism, only the revolutionary proletariat led by the revolutionary Marxist party and program can make the socialist revolution.

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1 “Peru has been the recipient of the latest Chinese investment -- the purchase of Las Bambas mine, in southern-central Peru, from Swiss-based company Glencore Xstrata PLC (LON:GLEN), announced on Monday. Chinese consortium MMG Ltd. (HKG:1208) bought the mine for \$5.8 billion, the largest transaction for a mining site in the history of Peru.”

2 The Tufts Working Group pdf shows that LA supplies raw materials to China which are subject to price fluctuations typical of semi-colonies. “Over half of LAC exports to China are in four major commodity groups. Table 1 shows that each of these four groups (refined copper, copper ores and concentrates, iron ore and concentrates, and soybeans and other oilseeds) saw substantial growth in 2012 between six and 37 percent by weight. Considered as a single group, they grew by 11.4 percent: nearly identical to their average annual growthrate over the five-year period of 2007-2012, of 11.7 percent. But the revenue from their sale grew by much less than the quantity exported, and actually declined for iron and copper ores and concentrates. Export revenue for all four groups combined was essentially flat, growing only 1.8 percent. This is a huge drop from the 18.9 percent average annual growth rate over the last five years. Behind the increase in export quantity and flat export revenue is a drop in the price of each kilogram exported. Three of the four groups saw a price decline, and together they fell by nearly 11 percent. In effect, LAC exporters were running in place in 2012: selling more goods but not seeing more revenue from the sales.”<sup>47</sup>

# Class Warrior

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## FOR PERMANENT REVOLUTION IN SYRIA



### IMPERIALISM, THE GLOBAL CRISIS, AND THE SYRIAN REVOLUTION

The global capitalist crisis that has built up since 2007 can only be resolved in two ways. Either the rivalry between the two imperialist blocs succeeds in resolving the crisis by means of depression and war, or the international working class mobilizes to defeat imperialism and bring about a socialist revolution. The imperialists are engaged in a struggle between the entrenched and declining powers bloc led by US imperialism and the emergent Chinese/Russian imperialist bloc, over the resources, strategic assets and the super-profits to be extracted from the proletarianized masses and their homelands. The global south has become the battleground between these rival blocs at the expense of the semi-colonial nations and the working masses. The semi-colonial revolution is the flashpoint for the current international crisis of capitalism, where the imperialist forces and their national agents are confronted by popular resistance. The Arab Revolution that began in 2011 is an expression of the beginnings of a global challenge to the rule of capital by the world's workers who refuse to pay for the imperialist crisis and which has opened the road to permanent revolution. The revolutionary war in Syria has been the vanguard of the Arab Revolution and the global revolution for more than two years.

The initial form that this Arab Revolution has taken is the bourgeois democratic revolution, since the workers in the Arab countries have first to overthrow the national bourgeoisies that act as the agents of imperialism in order to win even the most basic bourgeois democratic

bourgeois-democratic institutions. But mostly they act as mere fig leaves and their stability is derived from their ability to contain the masses and please the bankers.

Today this predatory, parasitic imperialism, targets the semi-colonies, coming at them from two fronts. Either established crony regimes continue to contain the masses and deliver booty to the (currently) dominant imperialist powers, or the masses upset the apple cart and chartaindependence course. Rightaway ofcourse, the "out" imperialist powers contest for economic hegemony with their imperialist rivals for control of the semi-colonial state, even as they face a revolutionary uprising. Where direct military re-colonization is not a viable option, the "out" imperialist power aims for "regime change" either with behind-the-scenes maneuvering or by propelling itself on the back of a popular uprising. The extent to which the popular uprising is or can be subordinated to imperialist forces is the point in contention.

The Syrian masses are fighting for their liberation against the two major imperialist blocs, their proxies and the ultra-reactionary theocrats. For the working class to assert itself, it requires its party and program to unite the masses to carry the revolution against all forces of exploitation and oppression. While the two imperialist camps and theocrats have the resources of world capital and two oil monarchies behind them, the Syrian masses have the wind of the international crisis of capitalism at their back. So it isn't just that the revolution happened in Syria as part of the Arab Spring. The Syrian revolution is the most advanced part of

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## What we Fight For

### We fight to overthrow Capitalism

Historically, capitalism expanded world-wide to free much of humanity from the bonds of feudal or tribal society, and developed the economy, society and culture to a new higher level. But it could only do this by exploiting the labour of the productive classes to make its profits. To survive, capitalism became increasingly destructive of “nature” and humanity. In the early 20th century it entered the epoch of imperialism in which successive crises unleashed wars, revolutions and counter-revolutions. Today we fight to end capitalism’s wars, famine, oppression and injustice, by mobilising workers to overthrow their own ruling classes and bring to an end the rotten, exploitative and oppressive society that has exceeded its use-by date.

### We fight for Socialism.

By the 20th century, capitalism had created the pre-conditions for socialism –a world-wide working class and modern industry capable of meeting all our basic needs. The potential to eliminate poverty, starvation, disease and war has long existed. The October Revolution proved this to be true, bringing peace, bread and land to millions. But it became the victim of the combined assault of imperialism and Stalinism. After 1924 the USSR , along with its deformed offspring in Europe, degenerated back towards capitalism. In the absence of a workers political revolution, capitalism was restored between 1990 and 1992. Vietnam and China then followed. In the 21st century only North Korea survives as a degenerated workers state. We unconditionally defend the DPRK against capitalism and fight for political revolution to overthrow the bureaucracy as part of a world socialist revolution.

### We fight to defend Marxism

While the economic conditions for socialism exist today, standing between the working class and socialism are political, social and cultural barriers. They are the capitalist state and bourgeois ideology and its agents. These agents claim that Marxism is dead and capitalism need not be exploitative. We say that Marxism is a living science that explains both capitalism’s continued exploitation and its attempts to hide class exploitation behind the appearance of individual “freedom” and “equality”. It reveals how and why the reformist, Stalinist and centrist misleaders of the working class tie workers to bourgeois ideas of nationalism, racism, sexism and equality. Such false beliefs will be exploded when the struggle against the inequality, injustice, anarchy and barbarism of capitalism in crisis, led by a revolutionary Marxist party, produces a revolutionary class-consciousness.

### We fight for a Revolutionary Party

The bourgeoisie and its agents condemn the Marxist party as totalitarian. We say that without a democratic and a centrally organised party there can be no revolution. We base our beliefs on the revolutionary tradition of Bolshevism and Trotskyism. Such a party, armed with a transitional program, forms a bridge that joins the daily fight to defend all the past and present gains won from capitalism to the victorious socialist revolution. Defensive struggles for bourgeois rights and freedoms, for decent wages and conditions, will link up the struggles of workers of all nationalities, genders, ethnicities and sexual orientations, bringing about movements for workers control, political strikes and the arming of the working class, as necessary steps to workers’ power and the smashing of the bourgeois state. Along the way, workers will learn that each new step is one of many in a long march to revolutionize every barrier put in the path to their victorious revolution.

### We fight for Communism.

Communism stands for the creation of a classless, stateless society beyond socialism that is capable of meeting all human needs. Against the ruling class lies that capitalism can be made “fair” for all, that nature can be “conserved”, that socialism and communism are “dead”, we raise the red flag of communism to keep alive the revolutionary tradition of the Communist Manifesto of 1848, the Bolshevik-led October Revolution, the Third Communist International until 1924, and the revolutionary Fourth International up to its collapse into centrism, with the closing of the International Center. We fight to build a new Communist International, as a world party of socialism capable of leading workers to a victorious struggle for socialism.

### Join us:

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