

THE INTERNATIONALIST PROLETARIAN

ORGAN OF THE INTERNATIONAL COMMUNIST PARTY

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WHAT DISTINGUISHES OUR PARTY: The line that goes from Marx to Lenin, to the foundation of the Communist International and the Communist Party of Italy (Livorno 1921); the struggle of the Communist Left against the degeneration of the International, against the theory of the "socialism in a single country" and the Stalinist counterrevolution; the refusal of the Popular Fronts and the Resistance Blocks; the hard work of restoration of the revolutionary doctrine and organ, in contact with the working class, outside the personal and electioneering politicking.

STRUCTURAL SUPPLY SHORTAGE OR TSUNAMI PREPARATION?

As in a **TSUNAMI**, in which the preamble of the enormous wave that will flood the market with commodities manifests itself first under the appearance of a backward movement of supply; or as a **VOLCANO** preparing its eruption, as our current defined it when critically demolishing the "study" with which Labriola would have wanted to condemn the Marxist theory contained in Capital. Labriola in his thesis saw instability in production and the regulating element of agreement and universal solidarity in mercantile exchange. Dialectically inverting this thesis, our current declared:

"Production against exchange! Struggle against social pacification!"

Volcano that promises the upcoming social eruption, against the stagnant waters that would swamp the revolutionary force in the mercantile muck. (Continues on page 2)

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THE ONLY TRUE STRUGGLE AGAINST FASCISM IS THE STRUGGLE AGAINST THE CAPITALIST REGIME (page 22)

Therefore *no struggle against fascism exists outside the struggle for the overthrow of capitalism* by means of the revolution and the proletarian dictatorship.

Any call to the defense of democracy, any attempt to oppose fascism in the name of democracy, any alliance of the proletariat with "democratic" classes and parties, leads to the destruction of the proletarian movement and sets the stage fascism.

THE U.S. TRIES A REEDITION OF THE NEW DEAL (page 18)

"The State steps in with the double aim of economic stabilisation and social stabilisation (...) despite the diversities of political form, the capitalist regime acts in its own internal crises in a unitary way, with methods of economic policy that are the same as those of democracy and fascism." (The New Deal, or State Interventionism in Defense of Big Capital, Prometeo No. 3-4, 1952)

STRUCTURAL SUPPLY SHORTAGE OR TSUNAMI PREPARATION?

Capitalists are sympathetic to moderate inflation. Sustained price rises represent for them the prospect of buying at one price today and selling tomorrow at a higher one. This is their mythological explanation of profit: prices magically rise and the accumulation of capital goes in full swing (especially when the price of labor power - the wage - lags behind).

Individual capitalists are less sympathetic to rampant inflation because it subjects them to a roller coaster ride in which it may be difficult to acquire their raw materials and may cause them to sacrifice part of their profit through the convulsive mismatches between supply and demand. But the capitalist class as a whole benefits from the delay with which the rise in the price of the commodity labor power follows the rise in the price of the other commodities, and thus the crisis is ultimately dumped on the backs of the working class.

Deflation offers gloomier prospects. It signals on the horizon the inexorable fall of the rate of profit, the nightmare of the bourgeois class ever since its most serious representatives such as A. Smith realized with horror about this tendency, although they did not know how to understand and explain it. The stubbornness of prices to fall means that what has been bought at one price today is sold for less after a time.

This seemingly capricious behavior of commodities is due to the very dynamics of capitalism of which every capitalist is an unwitting agent: *"Now, since relative surplus-value increases in direct proportion to the **development of the productiveness of labour**, while, on the other hand, **the value of commodities diminishes in the same proportion**; since one and the same process cheapens commodities, and augments the surplus-value contained in them; **we have here the solution of the riddle: why does the capitalist, whose sole concern is the production of exchange-value, continually strive to depress the exchange-value of commodities?**"* (Capital, Volume I, Chapter X, K.Marx).

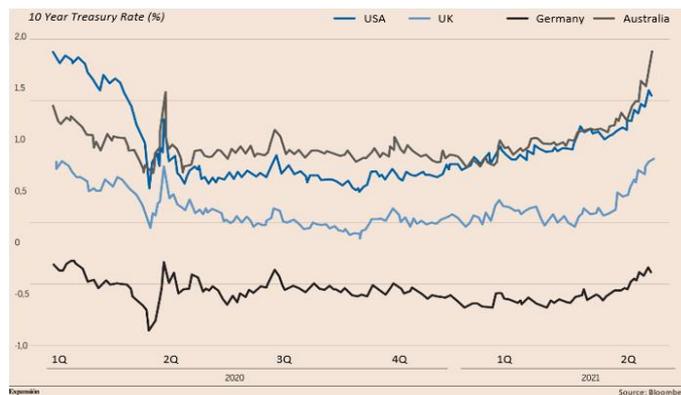
Evolution of bond yields

The bourgeois press has begun to speculate on rising bond yields in the U.S. and, to a lesser extent, in Europe. Some already see the light at the end of the deflation tunnel, but what does it mean that bond yields have risen?

Bonds have a nominal price for which a fixed dividend is determined, they are a fixed income debt. Therefore, a rise in yield only means that their nominal value has fallen. It means no more and no less than speculative capitalists have lost a part of their investment.

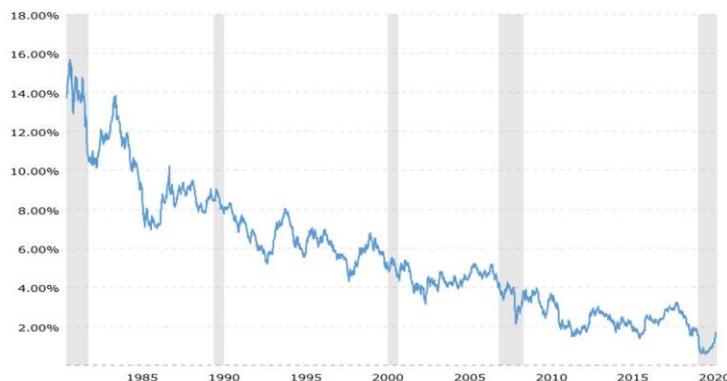
Let's take an example. A capitalist has bought a fixed income bond with a price of \$1,000 for which he is going to get a return of \$1,005: a dividend of \$5. Five divided by 1,000, yield of the bond: 0.5%. Now, the nominal price of the bond drops from \$1,000 to \$500 and therefore: the yield has doubled to 1%! The capitalist who bought the bond for \$1,000 sells it for \$500: a net loss of 50%. But the second speculator will get a \$5 dividend on his \$500 investment, and the capitalist class can take comfort in the thought that the bond yield has doubled...

"Investors lose 1.5 trillion dollars with the debt storm. (...) In these three months, the interest rate on benchmark U.S. debt - with a 10-year maturity - has risen from 0.9% to 1.68%." (Expansión, 05-04-2021).



Another question is whether this return to positive profitability is sustainable over time. The bourgeoisie base their analysis on the period in the chart above and some are rushing to announce a return to inflation and speculators are starting to get excited, but... what is the general trend of the 10-year U.S. treasury bond yield?

10 Year Treasury Rate



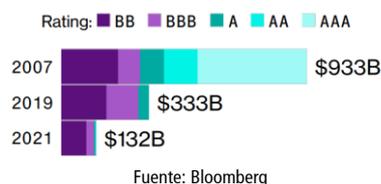
Falling debt bond prices have partly reduced the volume of debt with negative dividends: *"According to Bloomberg data, the volume of negative-yielding debt has plummeted globally by more than six trillion euros from the highs it set in the first weeks of December. The amount of negative-yielding bonds now stands at \$12.3 trillion, levels not reflected since August. These bonds have not volatilized, but rather their yields have moved upwards to the point where they have crossed the 0% threshold."* (Expansión, 21-05-2021).

In other words, at least one-third of fixed income speculators have suffered an undeniable loss, selling bonds below the price at which they bought them. A bond with a negative yield is an investment with a guaranteed loss, an investment with an assured negative return. The materialization of this loss in the fall of its nominal value is a completely logical result that suddenly confirms the initial forecast.

In any case, bonds worth around \$12.3 trillion remain in negative yield, including more than a third of the debt with high credit ratings: *"According to Philippe Berthelot, head of fixed income and money markets at Ostrum AM, "more than a third of all highly rated debt continues to have negative returns."* (Expansión, 21-05-2021).

In the present scenario, bourgeois economists find themselves considering "with high credit certification"... an investment with a sure loss! ... as long as it does not entail the complete loss of the initial investment.

This has been the evolution of debt issued in the U.S. with a yield equal to or above 5% from 2007 to 2021. Not only has it shrunk to one eighth, but it is mainly composed of bonds with doubtful ratings.



Why has the nominal value of bonds fallen?

Once it has been clarified that the rise in bond yields is only a mirror image of the fall in their nominal value, let's look at why this fall has occurred.

A number of bourgeois economists attribute this fall to the prospect of inflation in the U.S., which in turn is attributed to the \$1.9 trillion aid plan: *"The consumer price index in the United States rose 0.8% in April, bringing year-on-year inflation to 4.2%, the highest since 2008."* (Expansión, 15-03-2021).

However, this increase in the CPI is mostly explained by the comparison with the previous year's collapse situation and by transitory imbalances between supply and demand resulting from it.

There is something more tangible that explains the immediate drop in bond prices: *"Last year, with the outbreak of the pandemic, large U.S. banks bought large amounts of U.S. bonds to provide investors with the liquidity they demanded. JPMorgan, Goldman, Citi and Co. raised their holdings of sovereign debt by \$350 billion under cover of the Fed's easing of certain regulations on bank liquidity ratios."*

This exemption, which allowed them to inflate their balance sheets to absorb the shock, comes to an end on January 31st and, if the Fed does not remedy it, they will have to regularize their situation (...) the banks are already releasing large amounts of sovereign debt. (...) the U.S. giants are reportedly adding fuel to the fire by unloading nearly \$60 billion in U.S. bonds." (Expansión, 13-03-2021).

The fall in the nominal value of U.S. Treasuries was driven by the immediate sale of \$60 billion in bonds and the prospect of unloading another \$290 billion soon, as a spillover effect of the Fed's decision.

The (lower) fall in the nominal value of European bonds is due to the slowdown in the repurchase of bonds by the ECB: *"The European Central Bank revealed yesterday that the volume of bonds it purchased between February 26th and March 3rd amounted to €11.9 billion, which is well below investors' expectations of around €20 billion."* (Expansión, 09-03-2021).

Maintenance of capitalism injections for an addicted capitalism

The removal of the injections to the capitalist economy addicted to capitalism are only possible through an enormous withdrawal syndrome that takes the form of the bursting of the speculative bubble, through the massive destruction of speculative capital: ***"At the same time, an enormous quantity of these bills of exchange represents plain swindle, which now reaches the light of day and collapses; furthermore, unsuccessful speculation with the capital of other people; finally, commodity-capital which has depreciated or is completely unsaleable, or returns that can never more be realised again."*** (Capital, Volume III, Chapter XXX, K. Marx).

This is why U.S. capitalism maintains the injections: *"The monetary agency [the Federal Reserve] will continue to buy 120 billion euros per month in bonds and leave interest rates at the minimum level of between 0% and 0.25%."* (Expansión, 29-04-

2021). From this perspective, it is necessary to evaluate the impact that the sale of bonds held by banks can have when the Fed is buying 120 billion euros worth of bonds every month.

The ECB has also reversed the experiment of March: *"The ECB increased its purchases of euro zone debt in April to €80,118 million, compared to the first three months of the year. It has so far purchased bonds for 1,017.841 billion."* (Expansión, 09-03-2021).

This is the injection of capital that global capitalism has injected itself during 2020 alone:

"JPMorgan Asset Management estimates that central bank and government stimulus measures totaled \$20 trillion (€16.7 trillion) last year, or more than one-fifth of global GDP." (Expansión, 08-03-2021).

This huge injection of capital into injection-addicted capitalism also easily explains what has surprised many bourgeois economists: that the fall in bond values has not led to a bigger fall in the stock market.

We have already seen that for the capitalist who had invested in bonds, the devaluation of the bonds represents a net loss, but for a second capitalist it may be the opportunity to make an investment with a higher return. If the devaluation of the bonds increases their profitability and does so to the point that it exceeds the profitability of the investment in the stock market, this second capitalist will sell shares to buy bonds, thus lowering the price of the shares in the stock market. But, in a context in which Central Banks and governments systematically inject an enormous amount of capital that finds no place for productive investment, keeping interest rates at 0%, all this injected capital exerts an upward influence on speculative capital that far exceeds the effect of the devaluation of bonds.

Competition between doped economies

Competitors are each driving a car towards the precipice but cannot be the first to brake. The withdrawal of injections by one of them would mean a loss of competitiveness with regard to the other. Their own companies would even move to the other side for financing at a lower cost:

"Last year, the volume of these operations (known as reverse yankees in market jargon) stood at €65 billion, somewhat below the historical level of 2019."

Between January and April 2021, placements by U.S. firms in the Old Continent total €36 billion, with JPMorgan, Fedex, Goldman Sachs, Coca-Cola, Blackstone and Morgan Stanley among the issuers."

ING analysts believe that there will be a record year, with €80 billion in reverse yankees, around 10% of all the debt to be brought to market this year by U.S. corporations." (Expansión, 12-05-2021).

At the same time, these injections make it possible to keep alive a whole series of companies that the bourgeoisie itself does not hesitate to describe as "zombies": *"The institution chaired by Christine Lagarde states that before the pandemic, the percentage of zombie companies was 4%. After the pandemic, this percentage could have doubled, with up to 8% entering the new crisis at the gates of what is considered a living dead in corporate terms."* (Expansión, 22-05-2021).

If the competitor gives direct aid, there is no other option but to do the same: *"The European Systemic Risk Board (ESRB), created after the last crisis to warn of major threats to financial stability, is once again raising its voice. The institution headed by Christine Lagarde, also president of the European Central Bank, yesterday published its latest report in which it calls for direct aid"*

to companies in order to avoid a wave of defaults." (Expansión, 29-04-2021).

And if the competitor makes a macro investment in infrastructure renewal, there is no alternative but to follow the same path: "In order to be able to match the U.S., Lagarde said, Europe must deploy its 800 billion fiscal plan as soon as possible, (...) without further delay." (Expansión, 23-04-2021).

The same can be said of the corporate debt that both the ECB and the Federal Reserve have been gobbling up in increasing amounts: "(...) the Federal Reserve, (...) announced on March 23, 2020 that it would take the unprecedented step of buying corporate bonds to support the market. (...)" (Expansión, 07-04-2021).

Where does all this injected capital go?

In the review El Comunista nº65 we demonstrated how this continuous injection of capital that does not find a productive investment ended up swelling the world stock market (which broke the threshold of 100 trillion dollars), accumulated in excess liquidity in European banks (3.06 trillion euros) or in the U.S. (2.8 trillion euros). In the EU, excess liquidity has since reached €4.18 trillion (Bloomberg, 02-06-2021). We will take the opportunity in this issue of the review to track this overproduction of capital in three other places: foreign exchange reserves in Asia, the so-called "household savings" and the bitcoin bubble.

Before turning to that, we will see that part of this excess liquidity, this overproduction of capital, is going to end up... back where it came from, at the Fed itself: "the amount channeled into the deposit facility, where banks temporarily park liquidity, has soared to the highest levels since 2017, topping 369 billion last Friday." (Expansión, 25-05-2021). This is driving down the effective federal fund rate, which is the rate at which U.S. banks lend liquidity to each other: "The federal funds rate stands at 0.06%, well below the central bank's target range of 0% to 0.25%." (Expansión, 25-05-2021). This index is the equivalent of the European EONIA or EURIBOR which have been negative since September 2014 and since February 2016 respectively.

"The Fed has already expanded access to the repo program and increased the cash limits that financial institutions can park at the central bank from \$30 billion to \$80 billion. The goal is to drain liquidity from the system and slow the downward trend in short-term interest rates. A next step could be for the Fed to increase the interest it pays banks for the reserves they keep parked in their coffers. Another would be to raise the rate it pays on its repo program." (Expansión, 25-05-2021).

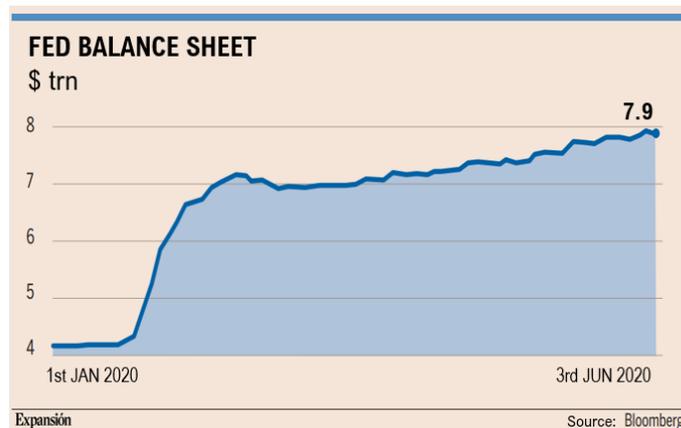
Fed effective fund rate



Special mention should be made of the repurchase program. The Fed sells bonds at a certain price to banks with the commitment to repurchase them at a higher price the following day. It is as if the banks lend money to the Fed with the bond as collateral, under the appearance of a purchase and sale (and

repurchase). This has the effect of temporarily draining reserves from the banking system (excess liquidity), but this temporary drain has the end result of injecting more liquidity into the system because the Fed buys back the bonds at a higher price.

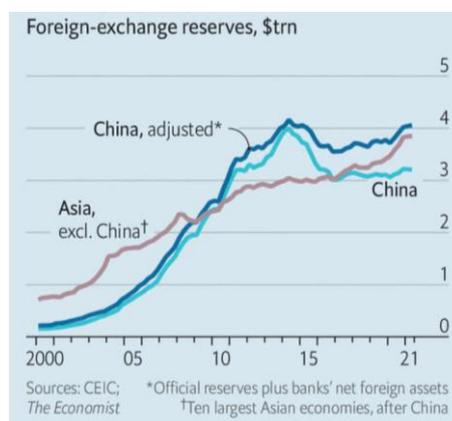
In the meantime, the Fed announces a "shift" in policy: "This decision will bring nearly \$14 billion to the market, divided into \$8.6 billion in fixed income ETFs and \$5.2 billion of specific bond issues." (Expansión, 04-06-2021). Anyone can ponder what it means to sell \$14 billion in debt with one hand, while buying \$120 billion a month with the other... and also what effect it can have considering that the Fed's balance sheet is \$7.9 trillion (i.e. \$7,900,000,000,000,000,000).



The Fed acts as a fireman-pyromaniac (and for the moment we can state that the monetary PYROMANIAC facet clearly prevails) maintaining a purchase program of 120 billion dollars per month and interest rates at 0% while on the other hand it gesticulates to try to drain the excess liquidity generated by its own actions. This illustrates very well the classic characterization of the Manifesto of 1848: "Modern bourgeois society, with its relations of production, of exchange and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer who is no longer able to control the powers of the nether world whom he has called up by his spells." (Manifesto of the Communist Party, 1848).

The growth of foreign exchange reserves in Asia

Asian capitalism has already gobbled up \$8 trillion in foreign exchange reserves since 2000. The adjustment in the following chart for Chinese capitalism takes into account that the sale of foreign exchange by the Central Bank has been offset by an increase in the purchase of foreign exchange by its private banks.



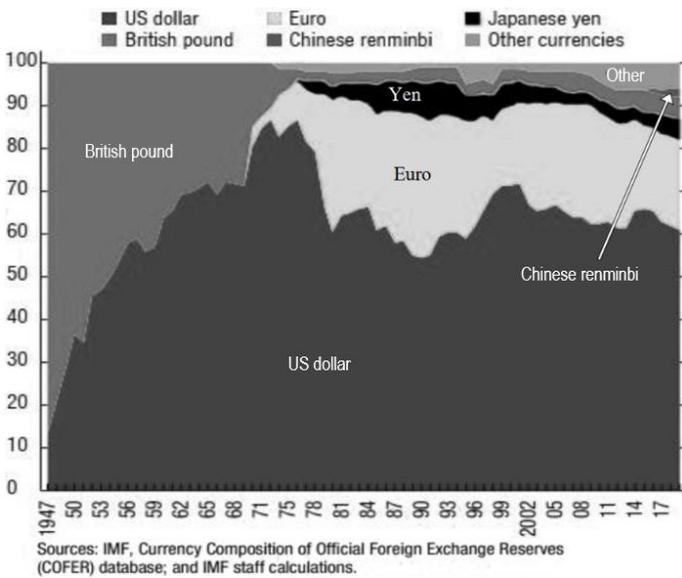
Asian bourgeoisies are forced to buy foreign currency to avoid the revaluation of their currencies (which would have a negative impact on their exports) or, in other words, to compensate for the devaluation of the dollar due to the massive issuance of this currency.

"In Vietnam, for example, exports grew by 6.5% last year. With its currency, the dong, loosely pegged to the dollar, much of those trade receipts went into official foreign exchange reserves (the central bank issues dong to buy excess dollars from commercial banks at a quasi-fixed exchange rate)." (The Economist, 23-03-2021).

Dialectically, this level of currency accumulation is an accumulation of power over hoarded currencies. The Asian bourgeoisies are accumulating enough reserves to be able to counteract and even reverse any monetary policy decided by the Fed. For example, a massive sale of these reserves could blow them up or put them in serious trouble. But at the same time, this would mean a net loss for the bourgeoisies that would massively sell off these currencies, a revaluation of their own currencies and the loss of a necessary market for the export of their goods. It is for this reason that these bourgeoisies are pushed for the moment to continue buying the dollars and euros issued by the ECB and the Federal Reserve, allowing European and American capitalism to continue sucking a part of the surplus value extorted by world capitalism through the mere printing of paper. But this will not last forever.

Composition of world foreign exchange reserves

The first of the following graphs shows how the U.S. dollar overtook the British pound sterling as a reserve currency in just 10 years from the end of World War II, having completely displaced it after only 20 years.



This chart shows the European currencies together prior to the birth of the euro and with continuity with the euro.

In the next table we see how one currency in particular managed to gain ground on the dollar from 1.95 in 1970 to 12.1% in 1984: the German mark, the embryo of today's euro.

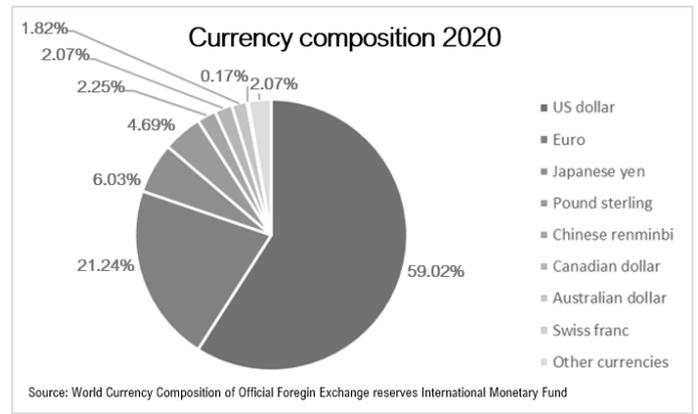
Currency reserves global composition 1970-1984

	1970	1972	1976	1980	1982	1983	1984
US dollar	77.2	78.6	76.6	67.2	68.4	68.5	65.8
Deutsche Mark	1.9	4.6	8.8	14.8	12.4	11.2	12.1
Japanese yen	-	0.1	2.1	4.3	4.6	4.7	5.4
Swiss franc	0.7	1.0	2.2	3.2	2.7	2.3	2.0
Pound sterling	10.4	7.1	1.9	2.9	2.4	2.6	2.8
French franc	1.1	0.9	1.6	1.7	1.3	1.1	1.0
Other currencies	8.7	7.7	6.8	5.9	8.2	9.6	10.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BIS Economic papers, n°18, 1986

From its 78.6% position in 1972, the U.S. dollar fell to 65.85% in 1984 and has continued to fall to 59.02% at the end

of 2020, while the euro has reached 21.24% and the Chinese yuan (renminbi) is showing its ears with 2.25%.

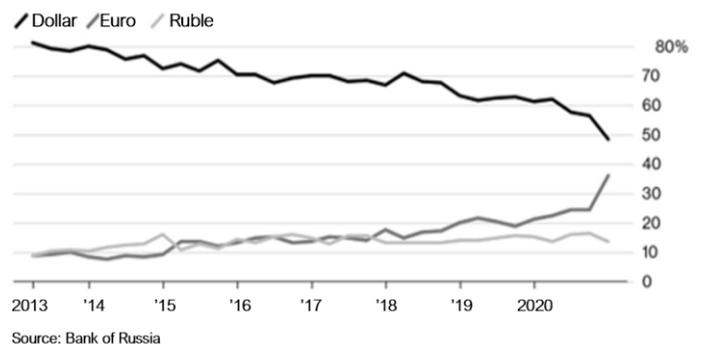


We have seen how quickly the dollar first overtook and then displaced the pound sterling and this time the process may even accelerate further, when it is clearly unleashed. The current dollar is supported by a hyper-indebted state with the world, with a notorious inability to win any of the wars it has embarked on since the defeat in Vietnam, which subsists on the monthly issuance of billions of dollars with which it continues to gobble up debt in excess of the current 7.8 trillion dollars, with enough of that currency in the hands of foreign capital to launch an attack that would dwarf the attack against the European monetary system that forced out the pound sterling, the Italian lira and the Spanish peseta in 1992 but crashed against the french franc in 1993.

But the establishment of the dollar as reserve currency was not a coincidence of fate. It had a material cause: the U.S. victory in the Second World War, the destructive power shown in the atomic assassinations of Hiroshima and Nagasaki that followed the criminal bombings of Dresden and Hamburg. The division of the world carried out at Yalta and Potsdam no longer corresponds to reality. The United States have proved powerless to halt its decline, but the fall of the dollar as the world reserve currency would place the American bourgeoisie before the unavoidable dilemma: die killing or die agonizing.

This is the threat that Russian imperialism threw at U.S. imperialism when Gazprom announced in 2015 that it would make all sales to China in yuans and when Rosneft decided in 2019 to switch to making all sales in euros (a decision that by the way cost the life of the criminal Saddam Hussein when he implemented it for the export of oil from Iraq). Since then Russian imperialism has been actively trying to reduce the use of dollars in its exports. Dollar has dropped to less than 50% of its exports from more than 80% in 2013.

Currency used in Russian exports

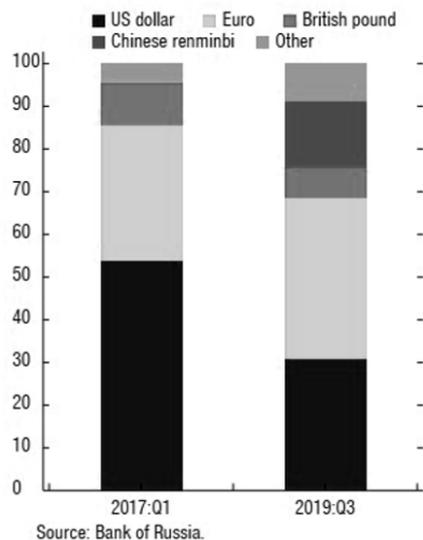


Source: Bank of Russia

Along the same lines, Russia is reducing its dollar reserves and increasing its gold and Chinese yuan reserves. This is not an action with great direct consequences due to the relative size of

the Russian economy, but it is a path that, if followed by a whole series of other countries, could represent a hard blow for the dollar.

Russia currency reserves composition



Let us remember that *"gold circulates because it has value, banknotes have value because they circulate."* (Marxist Theory of Currency, 1967). The role of hoarding is closely related to that of a means of circulation and payment. U.S. dollars are hoarded because they serve as a means of international circulation of goods, as a means of international payment. They are hoarded in order to be able to meet these payments. At the same time, insofar as they are hoarded, these dollars do not circulate and thus do not devalue the dollar: the U.S. can continue to issue dollars and pay with them without its currency becoming a dead letter. But if the dollar substantially reduces its role in international exchanges, the U.S. bourgeoisie may run out of the mechanism by which it makes the rest of the world bourgeoisie pay a bribe. The effects, however, would not be limited to U.S.A. capitalism: *"It should be noted in regard to imports and exports, that, one after another, all countries become involved in a crisis and that it then becomes evident that all of them, with few exceptions, have exported and imported too much, so that they all have an unfavourable balance of payments. The trouble, therefore, does not actually lie with the balance of payments. For example, England suffers from a drain of gold. It has imported too much. But at the same time all other countries are over-supplied with English goods. They have thus also imported too much, or have been made to import too much."* (Capital, Volume III, Chapter XXX, K. Marx).

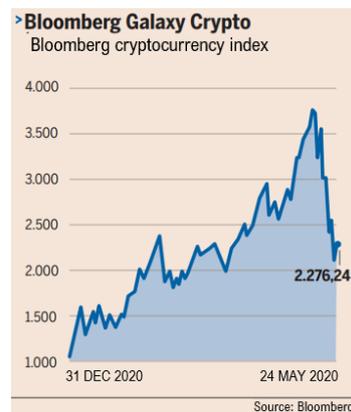
Digital currencies by Central Banks

Central Banks are announcing one after another the preparation of digital currency issuance. This is closely related to the functions of reserve currency. It also has to do with trying to maintain or conquer the privileges held by those currencies that fill the channels of circulation and impose themselves as a means of payment.

Before proceeding further, it is important to distinguish between the various elements that can be called digital currencies or cryptocurrencies.

On the one hand, we have Bitcoin and its peers (Ripple, Ethereum, Monero, Litecoin, etc.). The general excess of liquidity finds in this type of assets an (illusory) escape. They are speculative elements that have no backing (not even theoretically) and that cannot function as a means of circulation or as a measure of value due to their excessive volatility: *"It only*

takes the purchase of bitcoins for 92.5 million dollars (less than 80 million euros) for the price of the cryptocurrency to rise by 1%. To move by the same percentage the price of gold (an asset that is often compared as a safe haven for investors if an era of high inflation arrives) it takes investors to buy ounces for about 2 billion dollars, twenty times more." (Expansión, 18-03-2021).



It was enough with the announcement by Tesla that it would allow purchases with bitcoins for its stock market value to skyrocket, and it was enough with the announcement of the opposite and China's measures against this type of assets for the bitcoin's stock market value to plummet, dragging with it the others.

Then there are the so-called stablecoins. Stablecoins are backed by reserves but have a limited scope of application for certain transactions. To get an idea of its "stability", let's look at the largest among them: *"Tether, the \$60 billion stablecoin, was fined \$18.5 million in New York for reserve manipulation."* (Expansión, 21-05-2021). *"The Tether operator does not hold \$62 billion in cash or low-risk U.S. Treasury bonds. The company has clarified that its reserves hoard less than 3% in cash."* (Expansión, 03-06-2021). It must be said that this is exactly the same thing that banks do, beginning with the central banks....

Finally, we have the digital currency projects of the Central Banks, of which only that of the Central Bank of China, the digital yuan, is operational (do not count on the Venezuelan petro, "backed" by an economy in free fall). In this case the currency will be a digital equivalent to the paper banknote, digitally signed by the Central Bank and with the digital equivalent of its serial number. In the same way as banknotes, it will fulfill the basic functions of currency: 1) measure of value, 2) means of circulation, 3) money in the strong sense: hoarding, means of payment, world currency. (Capital, Volume I, Chapter III, K. Marx). It will have the same backing as banknotes: NONE!, beyond the forced course since the Banking system lends without coverage. As a legally enforced currency, wherever it is issued it will circulate compulsorily. But in a digital environment the physical boundaries of buying and selling are completely blurred. Especially if there is no alternative, the first currency to effectively fill these channels will occupy a position difficult to dislodge if it effectively establishes itself as a global hoarding currency and means of payment in the digital realm.

"The Fed is the last of the major central banks to openly declare to be analyzing the possibility of creating a digital format of its currency. (...) Yesterday, the Central Bank of Brazil also made the same pronouncement. (...) For the moment, China is clearly in the lead in terms of launching a digital currency. The People's Bank of China (PBOC) is already distributing its digital yuan in small volumes for field experiments." (Expansión, 25-05-2021).

Money as a specific social function constitutes a social

monopoly within commodities: *"The particular commodity, with whose bodily form the equivalent form is thus socially identified, now becomes the money commodity, or serves as money. It becomes the special social function of that commodity, and consequently its social monopoly, to play within the world of commodities the part of the universal equivalent."* (Capital, Volume I, Chapter I, K.Marx) and when two currencies coexist, one tends to displace the other: *"All historical experience in this sphere simply shows that, where two commodities function as legally valid measures of value, it is always one of them only which actually maintains this position."* (Contribution to the Critique of Political Economy, K. Marx, 1859).

Thus, the fever of central banks to issue digital currency is not due to the existence of private cryptocurrencies, nor because of the use that fraud or organized crime can make of them, but because of the struggle to remain as a global reference currency and not to wake up one day and see how consumers in Europe and the U.S. use as currency for their digital purchases... the DIGITAL YUAN!

The only issue is that while China is already distributing its digital yuan, albeit in small volumes, the other imperialisms have to start doing their homework: *"The introduction of the digital euro, a project on which the European Central Bank (ECB) will take a formal decision in the coming months, could occur in 2026 at the earliest, the Italian executive of the institution, Fabio Panetta, warned yesterday."* (Expansión, 27-05-2021).

The "savings" of "the world's consumers"

Part of the bourgeoisie is placing its hopes of escaping the deflationary dynamic on the supposed savings of "the consumers of the world". This is how the press echoes it:

"Consumers around the world have saved \$5.4 trillion (€4.5 trillion) more since the pandemic began (...) Global households accumulated the excess - defined as additional savings compared to the pattern of spending in 2019, and equivalent to more than 6% of global gross domestic product - at the end of the first quarter of this year, according to estimates from ratings agency Moody's. (...) Moody's estimates that, in the U.S. alone, households have accumulated more than \$2 trillion in additional savings. And that's before counting the gigantic transfers from President Joe Biden's \$1.9 trillion stimulus program (...)" (Expansión, 20-04-2021).

The outline of their reasoning: the world population has not been able to spend because of the effect of the lockdowns and this has led to savings. Once the restrictions are lifted, this would lead to unbridled spending of these savings which in turn would lead to a general rise in prices, an inflationary effect.

But this reasoning has a flaw. The working class as a whole has not only failed to save but has lost its job or has been collecting allowances and subsidies that have represented a serious loss of its already low purchasing power. Therefore, this supposed saving is circumscribed to the bourgeois social class and to certain segments of the petty bourgeoisie and the working aristocracy: *"(...) a Goldman Sachs economist, estimates that nearly two-thirds of excess savings in the U.S. belong to the richest 40% of the population."* (Expansión, 20-04-2021). This admission by representatives of the bourgeoisie has a rationale: it is the fruit of a concern. If this money corresponds to an increase in liquidity that finds no outlet, their hopes that it will be transformed into spending (with the expected inflationary consequence) would be in vain, as a sector of the bourgeoisie itself admits:

"Adam Slater, chief economist at Oxford Economics, explains, "If excess savings are held mainly by the wealthiest households and are treated as an increase in wealth rather than an increase in income, one would expect a much lower level of [additional] spending."." (Expansión, 20-04-2021).

In fact, a large part of this "savings" will inflate the speculative bubble. This is the portrait of the future losers in the coming stock market crash:

"Small investor activity accounted for an average of 23% of equity trading volume in the U.S. in 2021, more than twice as much as in 2019. (...) respondents said they planned to allocate on average 37% of the grant money they received from the government to invest in equities. This could amount to as much as \$170 billion (€142 billion) in total. And if the stock markets collapsed, they would not pull out, but invest more money in it (...) they started allowing investors to buy and sell fractions of shares, meaning that with \$50 they could buy a piece of an Amazon share, which currently trades at \$3,000. (...) Getting a loan is also easier, such as the collateralized loans granted by trading platforms, which amounted to a record \$799 billion in the U.S. in January." (Expansión, 15-03-2021).

In his categorization of investors with less capital, we see a confirmation of Lenin's thesis: *"The "democratisation" of the ownership of shares, from which the bourgeois sophists and opportunist so-called "Social-Democrats" expect (or say that they expect) the "democratisation of capital", the strengthening of the role and significance of small scale production, etc., is, in fact, one of the ways of increasing the power of the financial oligarchy. Incidentally, this is why, in the more advanced, or in the older and more "experienced" capitalist countries, the law allows the issue of shares of smaller denomination. In Germany, the law does not permit the issue of shares of less than one thousand marks denomination, and the magnates of German finance look with an envious eye at Britain, where the issue of one-pound shares (= 20 marks, about 10 rubles) is permitted Siemens, one of the biggest industrialists and "financial kings" in Germany, told the Reichstag on June 7, 1900, that "THE ONE-POUND SHARE IS THE BASIS OF BRITISH IMPERIALISM". This merchant has a much deeper and more "Marxist" understanding of imperialism than a certain disreputable writer who is held to be one of the founders of Russian Marxism and believes that imperialism is a bad habit of a certain nation..."* (Imperialism, the Highest Stage of Capitalism, Lenin, 1916).

Moreover, these investments are based on borrowed money (collateralized credits) with the culminating recipe of capitalism: CAPITALISTS WITHOUT CAPITAL or, in the words of our current: MAKE THE NAKED INVEST!

The mismatches of supply and demand in the anarchy of capitalist mercantile production

While the relative overproduction of capital and commodities pushes towards deflation (through the tendency to fall of the unit value of commodities, the tendency to fall of the rate of profit and the tendency to fall of the interest rate deriving from it), there are a series of factors that can act in the opposite direction and generate inflationary and hyperinflationary processes in certain periods and in certain zones. In addition to the unrestrained issuance of currency that effectively reaches circulation and the loss of confidence in their currency by local bourgeoisies, leading to a continuous sale of such currency to buy foreign currency, there are factors linked to imbalances between supply and demand and to the disruption of supply

chains.

These disruptions in supply chains and supply-demand imbalances can be caused by obstacles in the usual routes (such as a ship stuck in the Suez Canal), the deliberate closing of borders (due to a virus that forces the population to be isolated and to not import products from highly contagious areas), by making certain products more expensive (through tariff barriers), by blocking or destroying certain productive or extractive facilities (through embargoes and military conflicts), etc. We should not be surprised if in the future we see these and similar events bursting onto the scene with a certain frequency, as they have been and continue to be used to influence the price of oil.

The sequential closure of a whole range of industries during the years 2020 and 2021 has produced a halt or slowdown in the production itself in these sectors but also in those industries that provide the raw materials or semi-finished or auxiliary products that are needed.

As explained in Section I of Volume II (Chapter VI) of Capital: *“The commodity-supply must be of a certain volume in order to satisfy the demand during a given period. (...) The **stagnation of commodities thus counts as a requisite condition of their sale.** The volume must furthermore be larger than the average sale or the average demand. Otherwise the excess over these averages could not be satisfied. (...)*

*But as soon as the commodities lying in the reservoirs of circulation do not make room for the swiftly succeeding wave of production, so that the reservoirs become over-stocked, the commodity-supply expands in consequence of the stagnation in circulation just as the hoards increase when money circulation is clogged. It does not make any difference whether this jam occurs in the warehouses of the industrial capitalist or in the storerooms of the merchant. **The commodity-supply is in that case not a prerequisite of uninterrupted sale, but a consequence of the impossibility of selling the goods. The costs are the same, but since they now arise purely out of the form, that is to say, out of the necessity of transforming the commodities into money and out of the difficulty of going through this metamorphosis, they do not enter into the values of the commodities but constitute deductions, losses of value in the realisation of the value.**”* (Capital, Volume II, Chapter VI, K. Marx).

Therefore, the storage costs of stocks of commodities are only incorporated in the value of the product when they are in line with the socially necessary average to ensure uninterrupted sales under normal conditions. Otherwise, they represent losses and deductions to be borne by the individual capitalist. Regardless of the cases in which they represent a loss or deduction of value, we have seen above how each individual capitalist is pushed by the competition to diminish the value of its own commodities in order to be able to sell them and dislodge competitors. Thus, even when storage is incorporated as part of the value of the commodity, the tendency is to reduce it as much as possible in order to reduce the cost (value) of the commodity, giving rise to such fashionable names as just-in-time production. The general historical tendency of capitalist production is - for both reasons - to reduce and minimize the stocks held to ensure uninterrupted sales.

The sequential interruption of production generated a sharp drop in demand and the consequent interruption of circulation, with the overcrowding of stocks and the stoppage/reduction of the production of raw materials and semi-finished products..

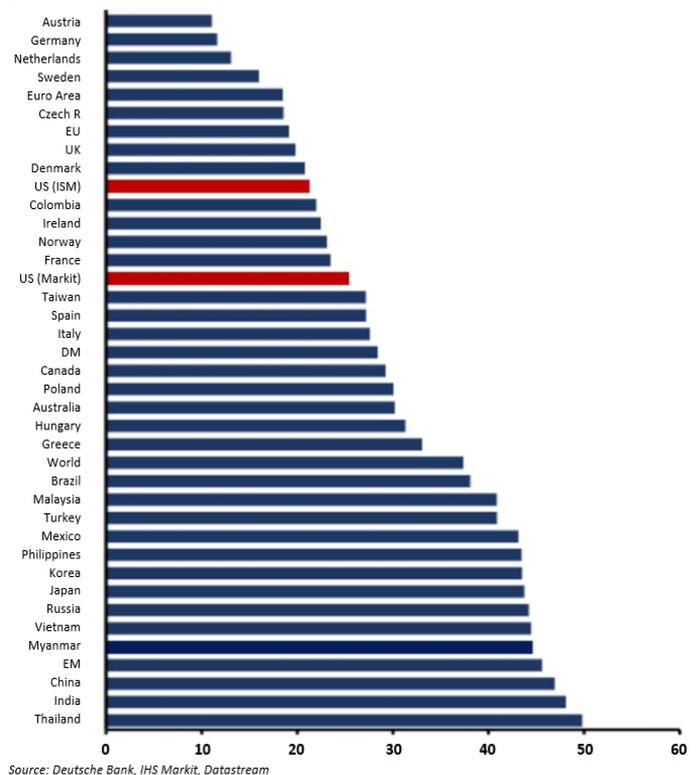
When the resumption of production has been put on the table, no one has paused to think whether the rest of the links in

the supply chain would be ready. No one paused to think in what order they should be set in motion so that the materials produced in one industry would be effectively available for the next industry that requires them. And even if someone had bothered to think about it, the result would have been the same: the COMMERCIAL PRODUCTION ANARCHY is impossible to plan because each agent competes with the others for a market that any of them cannot control. **“It is only where production is under the actual, predetermining control of society that the latter establishes a relation between the volume of social labour-time applied in producing definite articles, and the volume of the social want to be satisfied by these articles..”** (Capital, Volume III, Chapter X, K. Marx).

The unsynchronized resumption of production has generated an abrupt increase in the demand for these products. This demand cannot be satisfied in the short term: stocks are reduced to the minimum and the scale of production is adjusted to satisfy a continuous demand distributed over time and not to the sudden accumulation of the same volume of demand in a short time.

As an example, here is the situation of Italian packaged tomato manufacturers: *“We cannot find cans. Big multinationals are defaulting on their contracts and the price of cans has increased by more than three times,”* said Natasha Linhart, chief executive officer of Atlante, which supplies Italian fine-food retailers in several markets including the U.S., U.K., India, Japan and Canada (...) Demand for cans is being absorbed by China, which saw its economy recover sooner than the rest of the world. This means steel suppliers from India, like Tata Steel, but also from Italy, like Ilva, are not immediately able to deliver to their Italian customers.” (Bloomberg, 09-06-2021).

Suppliers delivery time – May 21
Inverted index (100 – PMI index)

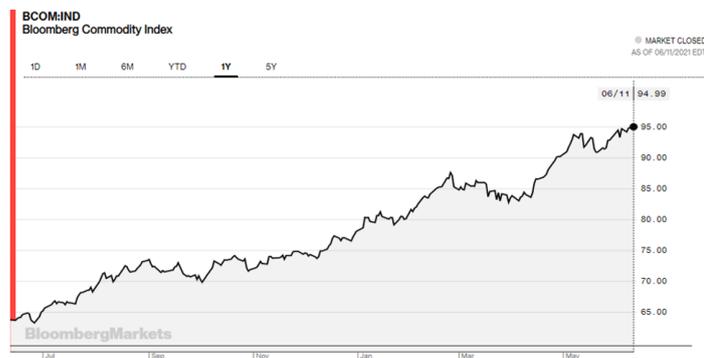


The above graph shows the bottlenecks, the delays, produced by the convulsions of the start-up of the different productive sectors which, rather than a resumption, looks like a gigantic

epileptic attack of the capitalist productive organism. The graph is shown with the index inverted so that the values below 50 represent increases in the delays in the provision of supplies. It is clear that Asia (except - significantly - Taiwan) is almost exempt from this effect while delays are accumulating in the European Union and the U.S..

Additionally, the need to stay ahead of competitors, to avoid losing market share, to ensure that at least part of the necessary supplies will be available, etc., leads to a spiral in which the effects of the initial mismatch are multiplied.

All this has led to a rise in the price of raw materials, including oil for these same reasons, over the past year:



Before we continue, let's look at this index with a little more perspective to see that at the moment we are neither at the 2001-2008 nor the 2009-2014 levels:



The Production Volcano

An important fact for Marxists to follow is the difficulty with which the increase in cost prices translates into an increase in final selling prices. The following graph shows the evolution of industrial input prices in China and retail prices.



In Marxist language, a part of the cost increase in constant capital is failing to be passed on in the selling price, because of overproduction. Thus, not all the surplus-value extracted can materialize in profit. For simplicity we will represent it on the basis of *value*, although it would be equivalent on the basis of *cost prices* and *prices of production*.

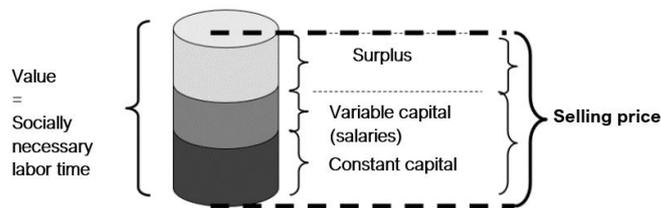


Fig. 1 – Before the increase of the cost of the constant capital

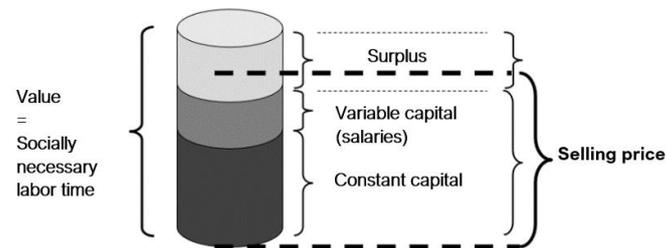


Fig. 2 – Situation if the increase of the constant capital price does not translate into an increase of the commodity price

Another way of grasping this effect of overproduction is to start from an aspect of the determination of the value of commodities by socially necessary labor time (which is often forgotten) that is clearly stated in *Capital*: *"However, there exists an accidental rather than a necessary connection between the total amount of social labour applied to a social article, (...) on the one hand, and the volume whereby society seeks to satisfy the want gratified by the article in question, on the other. Every individual article, or every definite quantity of a commodity may, indeed, contain no more than the social labour required for its production, and from this point of view the market-value of this entire commodity represents only necessary labour, but if this commodity has been produced in excess of the existing social needs, then so much of the social labour-time is squandered and the mass of the commodity comes to represent a much smaller quantity of social labour in the market than is actually incorporated in it."* (*Capital*, Volume III, Chapter X, K. Marx).

The productive excess capacity and the consequent overproduction of certain commodities cause them to represent, as a whole, a mass of labor time that exceeds the socially necessary labor time, although each individual commodity has been produced without using more than the socially necessary time, with the result that each commodity ends up falling below its individual value.

An example of this can be found in the Spanish agri-food sector where *"total food expenditure fell by 3.2% to 102,082.72 million euros, while volume grew by 4.4% to a total of 34,766.95 million kilos. On the other hand, per capita spending contracted by 7.2% (183.8 euros) and consumption grew by 2.1% (19.1 kilos)."* (*Expansión*, 04-06-2021). It is in this context that the rise in commodity prices takes place, motivated by the mismatch explained above. The subjective will of the capitalists is manifested in the following way: *"A study by the consulting firm Simon-Kucher indicates that 41% of Spanish manufacturers intend to raise prices, most of them in the 1% to 5% range."* (*Expansión*, 04-06-2021). Note that the percentages are low compared to the increase in cost prices and that only 41% are considering it. Will they be able to do so? What is certain is that they will encounter serious difficulties. The retailers have been able to expand their market share with the forced closure of bars and restaurants, which has increased consumption at home, although overall consumption has declined. They can only try to maintain their overall position and their relative positions

through fierce competition on retail prices: *"Lidl and Aldi initiated hostilities. The former announced in February permanent price cuts of up to 50% on more than 360 products (15% of its assortment). Aldi reduced the price of all its products by 0.75% in 2020 and is stepping up the pace in 2021, with a further 0.98% cut already implemented. (...) Carrefour put more than 1,000 products on sale at 0.99 euros per unit and Carrefour currently has 3x2 on more than 5,000 references. Mercadona has been more restrained, lowering the price of 100 items -although some are its star products-, while Dia has also reacted to the promotional spiral (...)." (Expansión, 04-06-2021).*

It is interesting to stop and analyze the supply chain of the chips, to see the actuality of the reproach made by K. Marx to J. Weston in the discussion on wages, price and profit within the First International: *"It only expressed his perplexity at accounting for the laws by which an increase of demand produces an increase of supply, instead of an ultimate rise of market prices."* (Wages, Price and Profit, K. Marx, 1865).

The buffoon Elon Musk gives the following description of the situation: *"Fear of running out is causing every company to overorder – like the toilet paper shortage, but at epic scale."* (Bloomberg, 02-06-2021). This does not prevent Tesla itself from doing exactly what it criticizes: *"The carmaker is studying advance payments to chipmakers and setting up a plant of its own."* (Expansión, 28-05-2021). Here we have a graphic example of the anarchy of production in which each agent is pushed to run forward, even if their running reproduces and multiplies the problem they are running away from.

They are certainly not the only ones trying to secure their supply: *"UMC said it would add capacity for manufacturing 20,000 wafers a month at 28 nanometres, one of the process technology nodes worst-hit by the global chip shortage, at an existing fabrication plant, or "fab", in Tainan.*

The investment will drive up the company's capital spending for this year by 53 per cent to U.S.\$2.3bn, but is made under a deal that commits several of UMC's largest customers to pay deposits upfront and guarantee certain orders at a fixed price." (Financial Times, 28-04-2021).

"Last month, six semiconductor design companies struck a deal with United Microelectronics Corporation (UMC) in Taiwan, under which the world's fourth-largest contract chipmaker would expand its production capacity for mature technology in exchange for financial deposits." (Financial Times, 27-05-2021).

This type of agreement is out of the usual pattern in the chip industry, but the need to obtain liquidity to face new investments, as well as the spread of it among the competitors, could force the most recalcitrant ones to surrender.:

"For TSMC, the world's largest contract chipmaker, whose gross margin is over 50%, profitability depends on the ability to juggle among its many customers. TSMC has long resisted requests to reserve exclusive capacity for any one customer. It only made an exception in 2014 to limit Qualcomm's risk after the U.S. chip designer frequently shifted orders to rival Samsung." (Financial Times, 27-05-2021).

In view of the economic shortage, announcements of multi-billion dollar investments have been accumulating both in the field of processing chips (dominated by TSMC) and in that of memory chips (where Samsung dominates the market): *"Taiwan Semiconductor Manufacturing Co. said last month it plans to increase production of microcontroller units by 60% this year to help relieve carmakers."* (Bloomberg, 02-06-2021).

"TSMC said this month it would invest U.S.\$100bn in new capacity over three years. Intel recently announced a U.S.\$20bn

investment program under which it wants to challenge TSMC in offering contract chipmaking services." (Financial Times, 28-04-2021).

"Nanya Technology, Taiwan's leading memory chip maker, on Tuesday announced plans to build a \$10bn plant in the country to alleviate the shortage and capture growing demand for 5G-related components." (Financial Times, 25-04-2021).

We are not only in front of a reaction to the shortage of a simple accessory product. This is the preparation of a true global competition for the capacity to produce critical components for modern industry, in which major imperialisms are clearly lagging behind: *"South Korea manufactures 26% of the world's chips, compared to 12% for the U.S. and China separately. Only 2% comes from Europe."* (Expansión, 25-05-2021).

In this situation, U.S. and Chinese imperialism are trying to improve their positions: *"Biden has proposed a \$50 billion (€41 billion) plan for chip manufacturing and research, while Xi has pledged to spend more than \$1 trillion on the high-tech sector, with a particular emphasis on semiconductors."* (Expansión, 25-05-2021).

However, South Korean imperialism has a very firmly established trench in this war: *"South Korea unveiled ambitious plans to spend roughly \$450 billion to build the world's biggest chipmaking base over the next decade"* (Bloomberg, 13-05-2021).

For its part, Japan, the once dominant player in the semiconductor sector (until the drastic intervention of the U.S. with the contingency, the requisitioning of supercomputers and the payment of the first Iraq war) is trying to recover its position but depends on others to do so:

"In Japan, Sony is looking at spending \$9.2bn together with Taiwanese foundry TSMC to build a Japanese chip plant, but it will probably only go ahead if the government provides necessary support." (Financial Times, 27-05-2021). *"Japan's share of global semiconductor sales dwindled to just 10% in 2019, down from 50% in 1988. The country still has 84 chip factories, the most in the world, but they're not producing enough high-end products. As a result, Japan now has to import 64% of its semiconductors. (...) The country's most advanced chip factories now produce chips using 40-nanometer technologies, well behind the cutting edge now pushing into the single-digit nanometer scale."* (Bloomberg, 08-06-2021).

European imperialism has a very clear Achilles heel in digital technology, which manifests itself in both operating systems and large digital platforms. Chips and semiconductors are not an exception: *"The European Union is particularly vulnerable and has set a goal to produce at least 20% of the world's supply on a value basis by the end of the decade. (...) Robert Bosch GmbH opened a 1 billion-euro (\$1.2 billion) factory that should gradually help alleviate supply constraints and herald broader efforts to make Europe less dependent on imports from Asia or the U.S. (...) Bosch's highly automated Dresden factory employs about 250 people and will eventually have 700 staff. The site covers about 14 soccer fields and can churn out 300-millimeter silicon substrate wafers with structural widths of up to 65 nanometers."* (Bloomberg, 07-06-2021).

We are therefore seeing a reaction to the imbalances in the supply chain that produce a cyclical shortage and, at the same time, a major episode in the trade war. In order to weigh up the relative position of the imperialisms mentioned, we can compare the size of the chips they are capable of producing with the most advanced ones: *"Right now, the most advanced manufacturers in the industry, such as Intel, Samsung and TSMC, are working*

on sub-10 nanometer (nm) nodes. (...) Companies such as Taiwan's TSMC have announced that they will start operating their first 3nm manufacturing plants by the end of this year." (Expansión, 03-05-2021). This is how a representative of the European bourgeoisie consoles himself: "every chip is a good chip." (Bloomberg, 07-06-2021). Today they will be able to place their outdated chips thanks to the general shortage of supply, but, as soon as the emerging production overcapacity materializes, all these industries will be out of the game.

What interests us here above all are the medium to long-term consequences: the result of this global competition will be a huge increase in the production capacity of semiconductors and chips, with all this investment today preparing the gigantic overproduction of tomorrow.

As in a **TSUNAMI**, in which the preamble of the enormous wave that will flood the market with commodities manifests itself first under the appearance of a backward movement of supply; or as a **VOLCANO** preparing its eruption, as our current defined it when critically demolishing the "study" with which

Labriola would have wanted to condemn the Marxist theory contained in Capital. Labriola in his thesis saw instability in production and the regulating element of agreement and universal solidarity in mercantile exchange. Dialectically inverting this thesis, our current declared: "**Production against exchange! Struggle against social pacification!**

Volcano that promises the upcoming social eruption, against the stagnant waters that would swamp the revolutionary force in the mercantile muck." (Production Volcano or Market Swamp?, il Programma Comunista no. 16/1954).

All this PRODUCTIVE OVERCAPACITY and this relative OVERPRODUCTION of capitals and commodities forms the great VOLCANO OF PRODUCTION which cannot be absorbed by the MARKET SWAMP and shakes the bourgeois relations of production to the core, maturing the material conditions for the **WORLD COMMUNIST REVOLUTION** which will abolish private property, wage labor and the mercantile and corporate regime!

THE SUEZ BLOCKAGE AND THE COMPETITION BETWEEN TRADE ROUTES

Suez Canal Blockage

On March 23rd, 2021, an unprecedented event occurred in the more than 150-year history of the Suez Canal: "The MV *Ever Given*, one of the freighters with the highest load-bearing capacity in the world, heeled over (...) blocked since Tuesday one of the busiest shipping lanes in the world and can cause long delays in the supply of raw materials and oil." (La Vanguardia, 25-03-2021). According to the official version, a "gust of wind" diverted one of the largest freighters in the world, but not the rest of the ships, leaving it stranded in the middle of the Suez Canal.

Canal traffic accounts for between 12% and 13% of international maritime trade, one million barrels of oil per day and 8% of the world's natural gas (La Vanguardia, 25-03-2021), in addition to 2% of the Egypt's GDP according to Moody's (BBC, 29-03-2021).

The freighter in question bore the names and surnames of the anti-Chinese bloc: Panamanian flag, Japanese property (Shoei Kisen Kaisha) and Taiwanese operator (Evergreen Marine Corp). The freighter blocked the canal for a whole week until it could be removed, leading to daily losses for the canal of about 15 million dollars and the blocking of a quantity of goods estimated at 9.6 billion dollars a day, or 400 million per hour, or 6.7 million per minute (BBC, 29-03-2021). The same sources indicate that the German insurer Allianz analyzed that the global cost would be between 6,000 and 10,000 million dollars per week of blocking for all world trade, even reducing annual world traffic by up to 0.4%.

Causality vs. chance

When episodes of this type happen, there are always those who remember *chance*. According to this approach, the events of humanity are explained by *chance* when not by fate or the will of illustrious men. To *chance*, we Marxists have a duty to oppose *causality*.

In several languages these words are very similar and by changing the place of one letter you change from one to the other, but the consequences are devastating.

CHANCE leads to IDEALISM and AGNOSTICISM, to the denial of the possibility of knowledge postulated by the already reactionary bourgeoisie. **CAUSALITY** leads to DIALECTICAL MATERIALISM and ECONOMIC DETERMINISM, leads to the foresight of the overcoming of capitalism at the hands of the proletarian class, to the communist revolution.

The vindication of materialism and determinism is a fundamental point of Marxism, as Marx, Engels, Lenin and the Communist Left have demonstrated in their defense of it. Without them, the whole construction of our doctrine crumbles and, for this reason, this is the target at which the bourgeoisie is generally aimed: "*If a general knowledge of nature and history, or part of it, is possible, it includes, inseparable from itself, the investigation of the future: any well-founded polemic against Marxism can only be on the grounds of the denial of human knowledge and science.*" (Utopia, Science, Action; Property and Capital, Prometeo, 1952).

Lenin drew this conclusion from the uproar caused by the publication of the work of the naturalist E. Haeckel: "*brought out, on the one hand, the partisan character of philosophy in modern society and, on the other, the true social significance of the struggle of materialism against idealism and agnosticism*" (Materialism and Empirio-criticism, Lenin, 1909).

This revindication of determinism should not be confused with a return to mechanism that would lead to a fatalistic vision of history and, therefore, to a devaluation of the Party organ and its historical function: "*it should be noted that the final solution to the posed question is not an immanent formula according to which, once this universal key has been found, it is possible to say that, if economic phenomena are allowed to develop, a foreseen and established series of political events will be determined with certainty.*

Our criticism amounts to a complete and definitive depreciation, not so much of the action of each of the individuals, even presented as protagonists of the historical facts, but of the intentions and perspectives with which they believed they could coordinate such

action; but this does not mean denying that a collective organism, such as the class Party, has or must have an initiative and a will of its own." (Theses of Lyon, 1926).

It would not be Marxism to pretend to have always at hand a causal explanation of any fact or circumstance, for which often even access to determining elements would be lacking, which often emerge with delay. But it would be much less Marxism - a true impugnation of it in fact - to draw from this an apology of chance that in the face of every event and every fact refuses to investigate and search for its material determinations, that in the face of every event and every fact would only have to exclaim: WOW, WHAT A CHANCE!

Of the relation between *chance* (or *accidentality*) and *causality* in the materialistic explanation of the world, the still Marxist Plekhanov gave an accurate formulation: "**Accident is something relative. It appears only at the point of intersection of inevitable processes.**" (On the Role of the Individual in History, Plekhanov, 1898).

It is therefore the task of Marxists to inquire into economic and historical processes from the perspective of dialectical materialism and economic determinism and to place facts and events in the framework of the necessary processes of capitalism development - be it even in the format of hypotheses - in order to be able to fulfill the function of "*the defense and clarification, regarding the new groups of events that arise, of the fundamental programmatic postulates, that is, of the theoretical consciousness of the movement of the working class.*" (Theses of Lyon, 1926).

It cannot be forgotten that the function of the Party is not that of simple historical expectation nor that of a voluntarist action without roots in the development of the material reality, of which it is a product, so that in the defense and foresight in relation to the new groups of facts it has a component of historical foresight, which will allow it to be a factor: "*the party itself is both factor and product of historical development*". (Theses of Lyon, 1926).

"Those who mock the possibility of plotting a great historical trajectory when its course is only halfway down the river (as would happen to those who, having descended the river from its source at midpoint, would begin to draw its map to the ocean; induction that is not unaccessible to the science of physical geography) are inclined to exclude any possibility of influence by individuals and groups on history or to exaggerate it, at least with regard to the immediate future." (Utopia, Science, Action; Property and Capital, Prometheus, 1952).

For this reason, Marxists cannot simply shrug their shoulders at events that have the impact of blocking world trade for a week, but must draw from it an opportunity to analyze the interests at stake and their material evolution, what pushes some and others to act and, as a valid instrument of analysis, ask ourselves who benefits or even who could have benefited because we know well, with Engels, that often the consequences of acts are anything but what was intended by those who carried them out.

If it later turns out that we cannot clearly establish "*it was this one*" or "*it was that one*", we will nevertheless be able to better understand the determining factors that led to the result, the necessary processes at whose intersection the historical "accidentality" manifests itself. If, even worse, the working hypothesis proves to be erroneous with time and elements emerge that would indicate another or completely discredit the previous one, **the damage is equally infinitely less than the position according to which we must always kneel**

before CHANCE and ACCIDENTALITY, according to which any attempt at a materialistic explanation of the events that burst onto the world chessboard of the commercial war must be discarded. This is a real abjuration of dialectical materialism and Marxism, even if it is tacitly implemented, without explicitly affirming it, by shrugging the shoulders at every major event.

Competition among trade routes

Returning to the blockade, this represented a momentary halt to the maritime circulation of goods on a route on which 90% of the goods that circulate have their origin or destination in Europe.

The route through the Suez Canal is in competition with a growing number of other trade routes, to the point that the canal authorities have had to lower tariffs in recent times:

- The hybrid route promoted by Israel, first through the Gulf of Aqaba and then by land train from Eilat to Haifa (train built by China and port also managed by China);
- The Arctic route promoted by Russia (through which it has already been possible to travel without icebreakers);
- The land route by train through Asia promoted by Beijing and its new silk route projects;
- The Cape of Good Hope route which, with fuel oil prices sufficiently low, has been cheaper than paying the passage tariffs charged by the Egyptian government.

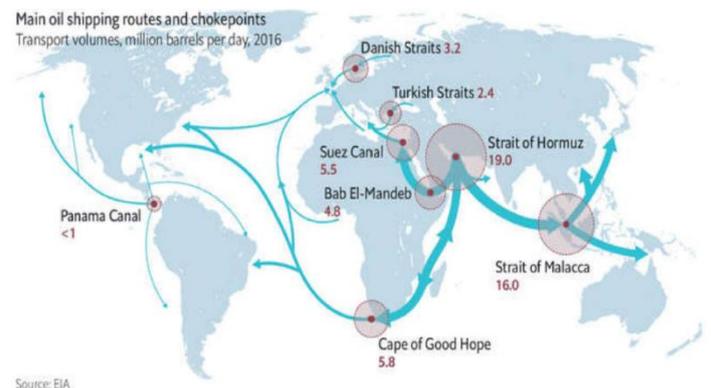
Intentional or not, what the blockade of the Suez Canal highlights is the ease with which a trade route in general and this one in particular can be strangled. This represents a serious warning to China and the EU in relation to their bilateral trade, as well as to Egypt in relation to the toll it takes on world trade.

More than 80% of world trade is carried out by sea. The greatest disruption of the balance between the above routes will be produced by the network driven by China, precisely, by land and through which this imperialism floods the world with its influence and its overproduction of goods.

More world trade bottlenecks

The importance of the Suez route is evident just by listing the military bases accumulating in the Red Sea and the Gulf of Aden: UAE in Eritrea and Socotra; Russia in Port Sudan; China, USA and France in Djibouti.

But the Suez Canal is not the only bottleneck in world maritime traffic. There are several points on the globe where an action like the one that happened in Suez, or the simple deployment of a flotilla, the dropping of chemicals or the spreading of mines at sea, or any other trick that the imperialism at stage can come up with, can block an important part of the world's maritime traffic.



34% of oil transported by sea passes through the Strait of Hormuz (Cinco Días, 12-04-2021). Consequence: "*Israeli Prime*

Minister Benjamin Netanyahu earlier this month accused Iran of the attack on the Bahamas-registered Helios Ray merchant ship, owned by an Israeli company, in the waters of the Gulf of Oman. Another alleged armed action a month later in the waters of the Arabian Sea - against the Liberian-flagged container ship Lori, also owned by a Haifa-based company - has been aired over the past weekend by the Hebrew press.

Between the two incidents, *The Wall Street Journal* revealed that Israeli Navy commandos have been sabotaging for more than a year a dozen Iranian tankers and ships carrying fuel and alleged military equipment in the Mediterranean and the Red Sea. (El País, 02-03-2021).

"One of the largest vessels of the Iranian Navy, the tanker Kharg, sank yesterday in the Gulf of Oman after catching fire the day before for unknown reasons (...) Hours later, state television reported another fire at a refinery south of Tehran (...). Since 2019, several cargo ships have been the target of mysterious explosions in the Sea of Oman, which connects to the Strait of Hormuz, (...) apparently caused by limpet mines attached to the hull of the ships." (El País, 03-06-2021).

In these tight spots, even a flotilla of speedboats, such as the one the U.S. fears Iran has sent to Venezuela and with which it currently operates in the Persian Gulf, may suffice: "The speedboats are of the Iranian Peykaap class (...). Nearly 60 feet in length, they can carry two lethal anti-ship missiles that have a range of about 20 miles in surface-to-surface mode, as well as a pair of 13-inch torpedoes. (...) we see them frequently in the Persian Gulf, harassing merchant ships and occasionally challenging our warships. They are quite dangerous, especially in a constrained seaway like the Gulf." (Bloomberg, 11-06-2021).

As our current affirmed in 1957, the dominance of first British and then U.S. imperialism has been based on its naval military power: "Whoever holds world hegemony in the naval field is qualified for hegemony in the field of world trade, which is the true basis of capitalist imperialism." (The imperialism of the aircraft carriers, il Programma Comunista, n°2, 1957, published in El Comunista n°38, October 1999).

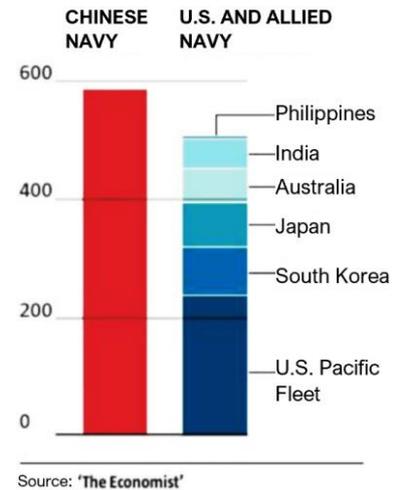
China's naval military development

China is trying to balance this fact through its investments in the so-called "new silk routes", shifting an increasing part of its goods transport to land in order to escape from the control of aircraft carriers (mainly American) and exposure to blockades such as the Suez blockade.

Now, China is not limited to developing a land distribution network, but in recent years it has taken over the construction, participation and management of numerous key ports around the world through its companies China Merchants Port Holdings and COSCO Shipping (Piraeus, Tangier, Valencia, Genoa, Haifa, Gwadar, Chancay, El Hamdania, Rotterdam, etc. including 20% of the Suez Canal Container Terminal itself in Port Said), as well as developing its military fleet and taking up military positions in strategic maritime trade locations: "China is already the country with the most operational warships with 350 (255 in 2015). (...) They have the largest shipyards in the world (...). The People's Republic launches in a year the same tonnage in ships as the entire navy of the United Kingdom combined," warns Greg Poling, of the Centre for Strategic Studies (CSIS) in Washington DC. (La Vanguardia, 20-06-2021).

If China's fleet is composed of 350 vessels, the U.S. fleet has 293 (La Vanguardia, 20-06-2021). In the following graph you can see the growth rate, looking at the new fleet launched between

2015 and 2019 by China and by its competitors, in thousands of tons.



Not surprisingly, the first Chinese military base abroad (which will surely not be the last) was installed in Djibouti, a port that controls the entrance of no less but the Red Sea and, therefore, to the Suez Canal itself. It also maintains a firm foothold in strategic military positions throughout the South China Sea (military maneuvers, construction of artificial islands, deployment of "fishing" fleets, etc.), whose sovereignty is disputed by neighboring countries and Western imperialism in general. The Strait of Malacca carries 25% of world trade goods and is also the main route through which China's imported oil passes (Cinco Días, 12-04-2021).

The NATO supreme allied commander in Europe and commander of the U.S. European Command during the period of the military intervention in Libya in 2011 and of the U.S. secret operations in Syria at the beginning of the 2010s, has just published a novel entitled 2034, which precisely sets off the third world war... in the South China Sea and which does not exactly foretell a positive ending for the United States. THE POWDER KEG ON WHICH WE LIVE COULD EXPLODE ON MANY SIDES, AND EVEN THE IMPERIALISTS THEMSELVES ARE ALREADY HAVING NIGHTMARES ABOUT IT!

Its class interest, makes the American bourgeoisie forget in its fantasy that with the crisis and the war not only the inter-imperialist conflict but the conflict between classes will be born: from its war will arise - if it does not arise before - the social revolution that will put an end forever to the capitalist mercantile monster and its wars.

The crisis of overproduction only aggravates the situation of conflict between imperialist bandits: "as soon as it no longer is a question of sharing profits, but of sharing losses, everyone tries to reduce his own share to a minimum and to shove it off upon another. The class, as such, must inevitably lose. **How much the individual capitalist must bear of the loss, i.e., to what extent he must share in it at all, is decided by strength and cunning, and competition then becomes a fight among hostile brothers. The antagonism between each individual capitalist's interests and those of the capitalist class as a whole, then comes to the surface, just as previously the identity of these interests operated in practice through competition.**" (Capital, Volume III, Chapter XV, K. Marx). This fight will be carried out with all the means at hand: "Capital is said by a Quarterly Reviewer to fly turbulence and strife, and to be timid, which is very true; but this is very incompletely stating the question. Capital eschews no profit, or very small profit, just as Nature was formerly said to abhor a vacuum. With adequate

profit, capital is very bold. A certain 10 per cent. will ensure its employment anywhere; 20 per cent. certain will produce eagerness; 50 per cent., positive audacity; 100 per cent. will make it ready to trample on all human laws; 300 per cent., and **there is not a crime at which it will scruple, nor a risk it**

will not run, even to the chance of its owner being hanged. **If turbulence and strife will bring a profit, it will freely encourage both.** Smuggling and the slave-trade have amply proved all that is here stated." (quoted in Capital, Volume I, Chapter XXIV, K. Marx).

THE IMPERIALIST TENSIONS IN THE MIDDLE EAST FLARE UP IN GAZA

The Middle East continues to be in ferment, with each regional power trying to impose itself on the others and as an effect of the moves on this board of the U.S. and China.

Expansión of China's influence in the region

Chinese influence is spreading in the Middle East, as it is all over the world. With Iran, *"China agreed to invest \$400 billion (...) over 25 years in exchange for a steady supply of oil."* (New York Times, 27-03-2021). Trade exchanges China-Turkey (NATO's second largest army) reached \$24 billion in 2020. (Belt and Road News, 26-03-2021).

China signed agreements worth \$65 billion with Saudi Arabia in 2017. And even with Israel, the U.S.'s prey dog in the region, the relationship has deepened as we already indicated in The Internationalist Proletarian no. 5: *"Israel and China have signed historic cooperation agreements for the construction of the Eilat train, as well as other projects in the future, including the INLAND canal north port of Eilat. (...) The main project on the agenda is the construction of a freight line that will link the ports of Ashdod and Haifa (facing the Mediterranean) with the port complex of Eilat on the Red Sea. In addition, there are plans to extend the line to the Jordanian port of Aqaba. (...) Israeli Prime Minister Benjamin Netanyahu has declared that "the train to Eilat is a national priority, because of its strategic and policy importance".* (ICEX, 2012). *"Beijing was in 2018 "Israel's second largest trading partner", (...) the overall amount of their trade exchanges climbed to \$16 billion, being the first importer and the second country where Israeli companies exported the most, which accounted for 10% of total exports."* (La Vanguardia, 09-07-2019).

The USA movements in the Middle East

The rapprochement between Israel and China gives the U.S. no peace of mind: *"A U.S. Senate committee recently approved a bill expressing "serious security concerns" over the contract between Israel and Shanghai International Port Group for the management of the Haifa port facility."* (La Vanguardia, 09-07-2019).

Israel's economic dependence on the USA and the latent threat of supporting the creation of a Palestinian state are the levers with which the U.S. makes sure that the prey dog remains obedient. The U.S. reached with Israel in 2016 a military aid plan: *"for ten years, the largest defense and security package to another country in the history of the first power, according to a State Department statement. The final sum to be received by Israel amounts to 38 billion dollars. (...) Israel is the largest recipient of cumulative U.S. aid since World War II: \$124.3 billion in current dollars."* (El País, 14-09-2016).

But some sectors are beginning to doubt whether the latter will remain loyal: *"Israel could be left out of America's trusted military, financial, commercial and technological networks unless it acts decisively," to limit Chinese investment in the country, Greenert and Bird wrote. [respectively retired U.S. Fleet Admiral and Vice Admiral from think-tank JINSA]."* (Middle East Eye, 17-07-2019). The Chinese ambassador to Israel was in fact assassinated on 17-05-2020.

The issue is whether the U.S. threat to drop Israel can be hollowed out to the extent that China can prop it up on the other side, imposing its conditions on it.

Something similar happens with another traditional U.S. ally in the region: Saudi Arabia. The U.S. bet on shale gas and oil led the Saudi bourgeoisie to make the price of oil sink. The U.S. threats of legal actions against the Saudi royal family for the attacks on the Twin Towers and the signing of the nuclear agreement with Iran followed. The Trump faction again approached Saudi Arabia, breaking the Iran deal in 2015, which did not prevent the signing of the aforementioned Saudi-China agreement. On the other hand, Saudi Arabia is also trying to develop its nuclear program, which is not regarded by the U.S. imperialism that has even circulated that it would be done with Chinese technology: *"In 2018, Mohammed bin Salman, crown prince and strongman in Saudi Arabia, announced that his country would seek to acquire nuclear weapons if Iran continued its work. His words were not lost in the wind. At the time, Senators Ed Markey (Democrat) and Marco Rubio (Republican) launched a bill whose name was a statement of intent: the "To counter Saudi Arabia's possible pursuit of weapon of mass destruction"."* (La Vanguardia, 07-08-2020).

During the previous mandate, the U.S. succeeded in getting the UAE and Morocco to recognize the state of Israel. With Trump's faction ousted, the U.S. bourgeoisie is once again distancing itself from Saudi Arabia: *"the U.S. president has given the green light to the release of the U.S. intelligence report implicating Crown Prince Mohammed bin Salman, 35, in Kashoggi's gruesome death."* (La Vanguardia, 26-02-2021) and *"Biden also announced the end of U.S. support for Saudi attacks in Yemen."* (La Vanguardia, 05-02-2021). As a consequence of the change in the U.S. ruling faction, Saudi Arabia and its allies have had to relent in the blockade against Qatar *"which since 2017 relied on an air corridor with Iran to break its isolation"* (La Vanguardia, 06-10-2021), blockade motivated by the support of Qatar through the Al-Jazeera channel and together with Turkey to the Muslim Brotherhood and Hamas.

The development of productive forces in Asia has won the day over the U.S. in its attempts to encircle and isolate China through its military interventions in Afghanistan and Iraq.

In any case, the U.S. ability to keep its "allies" on a short leash is somewhat weakened by the existence of China, which is waiting with open arms for anyone the U.S. wants to punish by "breaking relations".

While U.S. imperialism has based its intervention since the second imperialist world slaughter on directly parasitizing the world and trying to contain or destroy the industrial and commercial development of vast areas of the world, Chinese imperialism goes with the checkbook ahead and exalts the commercial and industrial development of the countries that fall under its influence. It is clear that Chinese imperialism is not doing any act of charity nor does it have an ounce of altruism, but its way of subduing the other bourgeoisies is by exporting technologies, merchandise and infrastructure, which gives it a great advantage over the U.S. which only has greenbacks and

debt to offer in exchange for parasitizing the profits of the rest of the world's bourgeoisies. It is also true that these greenbacks have always been accompanied by the threat of military intervention, but also in this aspect U.S. imperialism is less and less capable of impressing the world.

The nuclear agreement with Iran and its consequences

For some time now, a sector of the U.S. bourgeoisie does not see Saudi Arabia and Israel as a toehold with a future and would like to reach an entente with Iran. The U.S. rapprochement is partly motivated by the transition of the world bourgeoisie towards the so-called renewable energies which will entail a decrease in the relative weight of the importance of oil and of Saudi Arabia itself, as well as of this point of support for the dollar for its role as reserve currency.

With a population almost twice that of Saudi Arabia, UAE and Israel combined, Iran intervenes in Gaza, Yemen, Syria, Lebanon, Iraq and the Gulf, demonstrating the role it plays as a power, which also explains why a sector of the U.S. would prefer to rely on it rather than have it in front of them. In addition to the sabotage of Israeli ships, the Iranian armed forces *"stormed the South Korean flagged oil tanker Hakuk Chemi and forced it to set course for the port of Bandar Abas, where it is being held"* (La Vanguardia, 06-01-2021) to *"reinforce the Islamic Republic's position in the face of the negotiation with Seoul of the future of around 7 billion dollars in Iranian assets that remain frozen in South Korean banks."* (La Vanguardia, 06-01-2021).

On the other hand, there are many parties interested in trying to block this agreement. The sectors within Israel and Saudi Arabia that see in it the prelude to their agony as allies of the U.S. in the region, the sectors within Iran that prefer to play an imperialist role completely autonomous and opposed to the U.S. or that count on relying on China, the countries or fractions of the bourgeoisie interested in a high oil price since the end of the embargo would bring to the market millions of additional barrels that Iran cannot sell now.

Military escalation in Gaza

It is in this context that the latest escalation of cross-launched missiles between Israel and Gaza has been unleashed. Hamas and Islamic Jihad have deployed an attack consisting on the launching of 3,350 missiles to overcome Israel's defense system: *"the Israeli Iron Dome interceptor rocket system (...) The aim is to overcome it by saturation, that is, by firing, like the other day, a hundred projectiles almost simultaneously at the shortest possible distance from Israeli territory so that the Dome system cannot react in time"*. (La Vanguardia, 13-05-2021).

Israeli repression has been unleashed on the population of Gaza. Some sectors of the Israeli bourgeoisie delude themselves that *"it will take years for the militias to assemble the arsenal - 3,350 rockets - fired during these days."* (La Vanguardia, 18-05-2021), but in reality, it could well be much less time than they calculate. The reason is Iran's support: *"Yahya Sinuar himself said that they were developing their capabilities thanks to Iran's help. In other words, Iran was not lying when it said that the copy of its Fajr-5, the M-75, was manufactured in Gaza. And the same would be true of the most powerful missile, the Syrian M-302 Jaibar (a copy of the Chinese WS-2 under license), which Hamas calls the R-160. (...) It is something similar to what happens with the Iranian missiles fired by the Houthis of Yemen against Saudi Arabia."* (La Vanguardia, 13-05-2021).

These macabre escalations are necessary for the sectors of each bourgeoisie to ideologically bind the proletariat itself and

to justify or reinforce with them their position: the Netanyahu sector in Israel to try to force new elections, the Iranian tough sector to block the nuclear agreement, Hamas to give an outlet to the social discontent inside Gaza.

The escalation in Gaza has facilitated the victory of the hardliners in the Iranian elections, but it has not produced the elections that Netanyahu's sector had hoped for. On the contrary, the latter has been toppled by a bloc that includes for the first time an Arab-Israeli party. The alternative facing a sector of the Israeli bourgeoisie is the following: any day now, the U.S. may even drop Israel or, what is practically the same thing, force it to accept a Palestinian state. Then Israel would be swallowed up like a drop in the ocean. The only way to survive would be to integrate as one more Arab tribe, previously integrating the Arab-Israeli bourgeoisie in the administration of joint businesses. We note how the statements of the current ruling faction in the U.S. convey this ambivalence and contradictory character: *"The President of the United States was emphatic: "There is no change in my commitment to Israel's security. Period. The president was then categorical in warning that "there will be no peace" until the region "unequivocally recognizes Israel's right to exist as an independent Jewish state". That said, Biden did admit to a change. "The change is that we still need a two-state solution. That's the only answer, the only answer," the U.S. leader insisted."* (El País, 22-05-2021).

In the development of the inter-imperialist conflict, the dead are always laid by the proletariat, subjected in Gaza and Israel to the two tendencies of bourgeois nationalism in dispute, the Zionist and the Islamist of the concentration camp jailers (Hamas-Jihad). It will only be possible to develop the situation in the Middle East in the sense of a class conflict through the rupture with all the contending bourgeoisies, both local and international.

There will be no peace in the Middle East as long as capitalism exists

The oil rent and the strategic position in world trade are a curse for the proletariat of the Middle East that will not end as long as we do not abolish capitalism.

The Middle East is one of the areas where the imperious need to liquidate capitalism is most urgent and most evident, where it is most palpably demonstrated that the only way out is to liquidate the mercantile economy forever: there will be no peace in the Middle East as long as capitalism exists.

The Middle East is also the area of today's capitalist world where the need for the resurgence of the international class struggle to make possible an independent class position in the midst of the intense and crushing crossfire of world and local imperialism is most intense and obvious. Only the resumption of the international class struggle and the world communist revolution will put an end to the systematic slaughter and destruction in the Middle East!

Can this happen tomorrow? No. But whoever in the name of a more immediate solution proposes class collaboration with its own bourgeoisie and submission to nationalism, becomes an accomplice of the present macabre game and betrays the only revolution that will be able to put an end to this nightmare. All the rage and impotence accumulated today by the systematic massacre of the proletariat in the Middle East should give us more reasons to prepare this revolution, the only one that will be able to put an end to the situation of oppression and exploitation in the Middle East and in the rest of the world. THIS REVOLUTION WILL COME. And then we will settle accounts with this system

of exploitation and with all the crimes perpetrated on the backs of the world proletariat. As we Marxists have said so many times: *"It is in these strips of encounter between peoples, in these bilingual zones, that proletarian internationalism must give proof of its value, rejecting the flags of all nations in favor of the red flag, the only flag of the social revolution."* (Proletariat and Trieste, Battaglia Comunista No. 8, 1950). The immediate slogan of the Communists in the Middle East can only be:

NO CONCESSIONS TO NATIONALISM! NO SUPPORT FOR ONE'S OWN BOURGEOISIE! BREAK-UP OF THE NATIONAL FRONT!
INDEPENDENT ORGANIZATION OF THE WORKING CLASS!
FRATERNIZATION WITH THE PROLETARIAT
OF ALL RACES AND LANGUAGES!
JOINT ORGANIZATION OF THE COMMUNISTS IN THE
INTERNATIONAL COMMUNIST PARTY!

U.S. PERIPLUS TO FORM AN ALLIANCE AGAINST CHINA

The fraction of the U.S. bourgeoisie that emerged victorious from the last presidential elections has begun to try to regain ground in the international relations level in an attempt to form an anti-Chinese bloc.

On March 12th, 2021, the Quad, considered the embryo of a possible Indo-Pacific NATO, made up of the U.S., Japan, India and Australia, met. This meeting was followed on March 19th, 2021 by the meeting in Alaska between the Chinese and U.S. delegations, which began with a confrontation at media theatre level, but did not prevent them from discussing their business at length outside the press conferences.

This was followed by a series of sanctions by the U.S. and the other Quad members, joined by the EU, against China. China's response was to sanction the sanctioners at its turn and to organize a general boycott to European clothing brands, which still makes them shiver: *"For the third day in a row, H&M stores in China were a wasteland deserted of shoppers. The Swedish firm has hundreds of stores and a turnover of billions in the Asian giant, but it has become a pariah because of the controversy over its refusal to buy cotton from the province of Xinjiang for the alleged use of forced labour. (...) all of a sudden, it has run out of customers, its products are not on e-commerce platforms and even references to its stores have disappeared in Chinese mapping and geolocation applications. A total deletion of the Chinese internet."* (La Vanguardia, 28-03-2021).

Evolution of the relationship between the USA and the EU

The EU is moving closer to the USA because its economic interests are gradually coming into contradiction with China, which is increasingly penetrating its backyard (Ukraine, Bulgaria, Belarus, Hungary, Slovakia, the Balkans). The latest steps are the creation of a Chinese university campus in Hungary: *"The Fudan University, based in Shanghai, will offer master's degree programs in Budapest to up to 6,000 students; and will receive 2.2 million euros in funding from the Hungarian government"*. (La Vanguardia, 25-01-2021) and the deployment by the Serbian Government of *"(...) a system composed of a thousand cameras with a 'software' capable of identifying citizens in real time developed by Huawei"* (El País, 18-06-2021). The EU has redoubled the blockade of Belarus after the recent military forced landing of a Ryanair plane in Belarus in order to detain an opponent. This blockade against Belarus is a blockade against Chinese development plans in Belarus and, at the same time, pushes Belarus further into Russia's hands. As a sign of this contradiction between the EU and China, in May 2021 the aforementioned reciprocal sanctions on several individuals have served as an excuse for the European Parliament to block for now the implementation of the trade agreement signed with China in November 2020.

In addition, the USA has proposed and agreed with Germany

and France in the framework of the G7 a tax on multinationals with which they will put an end to a series of disputes between them, trying to ensure a common playing field, to which they will try to submit the other countries that compete with them with lower taxes: Hungary and Ireland. Let no one believe that it is a question of raising taxes on large multinationals, but of making them pay in some countries and not in others. The general trend in corporate taxes is not exactly upward.

The U.S. and the EU have also reached an agreement on the reciprocal cancellation of tariffs arising from the Boeing and Airbus dispute (7.5 billion on European exports and 4 billion on U.S. exports). Bilateral trade between the U.S. and the EU remains *"the largest trade and investment relationship in the world, that represents the 42% of both world GDP and global trade in goods and services."* (Expansión, 16-06-2021).

"However, the tariff peace will be partial, as the EU and the U.S. still have an open conflict over aluminium and steel." (Expansión, 16-06-2021).

Both imperialisms had already jointly declared in the previous truce to this agreement that *"the global overcapacity is mostly driven by thirds parts", in a clear allusion to China, and pointed out that the distortions it generates "set out a serious threat" to both U.S. and European industries"*. (Expansión, 18-05-2021).

The current dominant fraction in the U.S. is, despite the bluster of the former buffoon and the decrepit appearance of the current puppet, the most bellicose and warlike fraction. As part of its attempt to regain global ground, the conference to revitalize NATO was held. Its message to the world has been: *"Russia and China threaten the international order based on rules"* and *"China is a systemic threat"* (Expansión, 16-06-2021). At this meeting there was Germany which asked to *"find a balance"* with China and there was also Turkey, NATO's second army, which plays an ambivalent and oscillating position between the U.S., the EU and Russia as a way of having an independent role. Turkey is trying to extend its imperialist influence in Central Asia by trying to maintain itself in the Kabul airport when the U.S. troops withdraw from Afghanistan (La Vanguardia, 15-06-2021).

The U.S. has also succeeded in joining the EU in its campaign for a new WHO investigation of the origin of the SARS-COV-2 virus in China.

This EU-U.S. approach is full of contradictory interests. The hand extended by the U.S. to the EU is far from unconditional and, at any moment, the U.S. can resume pressure against the EU, pressure that previously has had as a result the Brexit.

In December 2020, the U.S. recognized Moroccan sovereignty over Western Sahara in exchange for Morocco's recognition of the state of Israel and in March 2021 conducted military manoeuvres with Morocco: *"The Ike Battle Group participated, between the 3rd and 5th, in bilateral manoeuvres with the*

Moroccan Armed Forces, which provided a frigate, four F-16 and F-5 fighter jets and a helicopter." (El País, 16-03-2021). On May 17th, 2021, Morocco promoted the criminal launching of immigrants against the Spanish border. This was no less criminally repressed *manu militari* by the Spanish state, currently governed by the left of capital (if they even get to that): PSOE and Unidas Podemos. This action is part of Morocco's struggle to play an imperialist role and consolidate its control of the Sahara, as well as to pay the price to be the bully against immigrants that the Spanish state rejects. Now, however, the U.S. has deliberately cooled its support for Morocco to facilitate rapprochement with the EU: *"The Foreign Affairs Commission of the House of Representatives, controlled by the Democrats, has for several months blocked two key initiatives contained in the agreement by which Morocco suddenly saw its long-standing aspiration for recognition of its sovereignty over Western Sahara realized: the opening of a U.S. consulate in the disputed territory, subordinate to Rabat, and the sale of armed MQ-9B drones to the Alawite kingdom."* (La Vanguardia, 13-06-2021).

The U.S. has also slowed down the withdrawal of troops from Germany: *"The Democrat made his first speech on the subject, in which he announced the halt to the withdrawal of U.S. troops from Germany ordered by his predecessor"*. (El País, 05-02-2021). Shortly after: *"Germany has notified NATO of a military expenditure of 53.03 billion euros for 2021, which represents so far, the largest defense expenditure of the German government, (...)"* (Europapress, 07-02-2021).

On the other hand, the EU hasn't renounced in any case to play an autonomous role and tries to get closer to the U.S. while at the same time extending its influence (signing treaties with Japan in 2019 and restarting negotiations in 2021 to do so with India) while trying not to clash head-on with China

The EU has been able to overcome the difficulties to authorize its debt issuance. These difficulties have been placed in this case by a fraction of the German bourgeoisie itself through its Constitutional Court (against which the European Commission has recently open and infringement proceeding for this meddling), but also by part of the countries that are typically used as leverage by the U.S. against the EU from within the EU: Poland and Hungary. The Brexit wound is still bleeding in Northern Ireland where the UK refuses to carry out the agreed controls and where there is no solution that can content both sides.

To facilitate its rapprochement with the EU and in particular

with Germany, the U.S. *"(...) renounced on Wednesday to apply sanctions against Nord Stream 2, the Moscow controlled company that is building a gas pipeline between Russia and Germany, a project that Washington had previously declared a geopolitical risk for the security."* (France 24, 20-05-2021). The other side of the story is that, with this gesture, the U.S. is admitting that it has not succeeded in stopping the construction of this pipeline *"(...) which is more than 95% complete."* (France 24, 20-05-2021).

Developments in Russia's relationship with the U.S. and China.

The U.S. has met with Russia. Despite U.S. threats of "devastating" consequences if the Russian opponent Navalny dies or to respond with the same coin if cyber-attacks against U.S. infrastructure were repeated, Putin described the meeting as *"efficient", "constructive" and "allowed us to glimpse trust and hope"* (Expansión, 21-06-2021). This confident cynicism of the representative of Russian imperialism only shows that the U.S. is not in a position to frighten to Russian imperialism in the current situation.

The reality is that Russia and China have been mutually supportive until now and the U.S. has nothing to offer Russia, while their interests are contrasting on points such as the extension of NATO. Russia continues with the deployment of 150,000 troops on Ukrainian territory while the Ukrainian army conducts joint manoeuvres with NATO and calls for its integration. In this context, the United Kingdom intends to provoke Russia by sending a warship to Crimean waters which was repulsed with salvos by the Russian army.

Another element of collaboration between Russia and China, as well as an area where the U.S. and EU risk falling behind is the deployment in the space domain: *"Russia has announced that it wants to end more than twenty years of relationship with the United States on the International Space Station (ISS) (...) The announcement comes after Russia turned down last year's offer to join the Artemis lunar exploration program headed by NASA. Instead, Russia signed a memorandum of understanding with China last March 9th to develop a lunar base."* (La Vanguardia, 24-04-2021).

The U.S. and China have reached Mars with their respective probes this year 2021, but the Chinese technological deployment has shown itself to be superior. The rest of the imperialisms will have to think long and hard before joining in a serious alliance with the most likely losing horse.

U.S. TRIES A REEDITION OF THE NEW DEAL

In capitalism, the market is the one that commands and the U.S., which has lagged behind, has to try to re-occupy the place that young capitalisms have taken away from it, but the situation inside is a huge encumbrance. The infrastructures in the U.S. are crumbling and they are not prepared to face the natural disasters that are happening. In February, 14 million people did not have running water and 100,000 were without electricity and heating due to the cold wave in Texas (La Vanguardia, 21-02-2021).

The security systems of their companies are also not prepared for other "disasters" such as cyberattacks. The pipeline that goes from Texas to New York had to be temporarily closed due to the introduction of a virus into its computer system by the Dark Side hackers (protected by Russia). The pipeline company had to pay \$5 million to unlock the system, but there was still a gasoline

shortage.

A cyberattack against the meat plants of the JBS company forced the closure of 20% of U.S. meat production. They have also hacked into the systems of a U.S. federal government provider to send emails that appeared to be authentic to more than 3,000 accounts of more than 150 organizations that regularly receive communications from the U.S. Agency for International Development. It is not the first time: *"it is the same group that was behind the attacks on SolarWinds (...) That attack was developed from the spring of 2020 and during the following six months, which allowed foreign agents to be infiltrated in different organizations of the U.S. Government. During that time, they were able to intercept the daily work of at least six departments, including Defense, State,*

Commerce and the Treasury, as well as organizations such as the National Institutes of Health and large companies." (El País, 29-05-2021).

As for the aeronautical industry, while it is true that the U.S. has just reached an agreement with the EU to cancel mutual tariff measures in this field, it is however also true that the U.S. is not capable of fixing the chronic problems with its B777 aircraft that are beginning to be vetoed by various countries. (La Vanguardia, 23-02-2021).

We have seen in a previous article in this review the U.S. efforts to try to weave an anti-China alliance on a global level and to revitalize NATO to confront Russia and China militarily. But... how can a bourgeoisie consider going to the third world war when at home they do not have electricity, water, heating, and with the production of gas and oil and the industry paralyzed?

It is in this context where the attempt to reeditate the *New Deal* comes in. The fraction represented by Trump began to put it on the table in certain aspects and the fraction represented by Biden is trying to give continuity to it with its variations.

The classic New Deal and its current reedition attempt

This is how our current characterized the classic New Deal: *"But the New Deal will soon have to reveal even more explicitly its role as an instrument directed by big capitalist industry. As a "brain trust", the Roosevelt administration is the trust for the conservation interests of the ruling class: its ideology is analogous to that of the fascist "Labour Charter" - collaboration between capital and labour under the aegis of the state and, for the "general aims of the nation", stimulation of the economic mechanism by a general mobilisation of "collective" resources. The New Deal is strongly nationalist and autarkic: even before its famous domestic regulation laws, it will set an international example of abandoning the "gold standard" and, by blowing up the world economic conference convened by Hoover, will accelerate the international tendency to close national economies with monetary and customs barriers. Its enemy is free-falling prices - those famous free-falling prices which classical bourgeois economics presented as one of the virtues of free competition and, in general, of capitalist production. Devaluation, the suspension of trade treaties, the raising of certain taxes, are the first measures in favor of new domestic price increases. The policy of intervention in the industrial and agricultural sectors will be inspired by the same principle: after having paid for the clean-up of financial and industrial institutions in crisis, the "nation", the "people", will pay with higher prices and with the forced destruction of agricultural products - with a policy of "scarcity in consumer goods" - the state's policy of generosity and open-mindedness (Down with Hoover's "parsimony"!)" towards the big "Corporations".* (The New Deal, or State Interventionism in Defense of Big Capital, Prometeo No. 3-4, 1952).

While the previous dominant fraction of the U.S. bourgeoisie emphasised the autarkic and protariff fantasy, the current dominant fraction emphasises economic and social intervention without completely renouncing tariffs which, for the time being, it is trying to maintain especially against China. Despite their discrepancies, we see here a continuity in substance, imposed by the development of the material conditions in which the U.S. bourgeoisie has to move.

Reconstruction at home to prepare for war abroad

The so-called Biden Plan for the reconstruction of the American infrastructure is the program of the American bourgeoisie to prepare the conditions at home in order to be able to wage war abroad. So did the National Socialist German Workers' Party (Nazi Party, for those unfamiliar with its real name), building roads and highways and renovating industry in order to set the war machine in motion for the second imperialist world slaughter.

To this end, the American bourgeoisie plans to spend more than 2 trillion dollars: *"Joe Biden's first coup was a stimulus plan to overcome the pandemic of 1.9 trillion dollars (1.6 trillion euros). The second, unveiled yesterday, is an ambitious infrastructure modernisation program, with eight-year investments of another two trillion dollars (1.7 trillion euros), and to create millions of jobs. The aim is to improve essential services such as roads, airports and the electricity grid, many of which date back to the 1950s, and to tackle climate change. But the ultimate ambition is to shore up U.S. supremacy in the face of competition from its rivals, especially China. (...) the plan envisages spending 620 billion on transportation to upgrade more than 32,000 kilometres of roads and highways and repair about 10,000 bridges across the country. According to the civil engineers' association, 43 per cent of roads are in poor condition, while 42 per cent of the 617,000 bridges are at least 50 years old. Of these, 7.5 per cent are structurally deficient. The world's richest country falls to 13th place when the quality of its infrastructure is assessed, as a result of a 40% drop in public investment since the 1960s (...) In addition to the road network, it is planned to modernise the electricity grid, water supply and affordable broadband internet access; rebuild two million houses and buildings, schools and kindergartens; boost the so-called care economy; revitalise industry; guarantee the supply of essential components; and invest more in R&D. A highlight of the initiative is the so-called 'electric car revolution', which envisages, among other things, replacing 20 per cent of school buses with electric vehicles".* (El País, 01-04-2021). And the plan includes an incentive for companies that hire U.S. supplies and suppliers: *"U.S. President Joe Biden last night signed an executive order for federal government agencies, with an annual expenditure of 600 billion dollars (almost half a trillion euros), to choose to hire U.S. supplies and suppliers to boost domestic industry and support employment. The aim is to "increase investment in manufacturing and workers", according to the White House".* (El País, 26-01-2021); *"In addition, it has created a national coordinator and a new website to make it easier for SMEs to access public contracts".* (La Vanguardia, 26-01-2021).

Do the material conditions for such a plan exist?

As we have explained in the article in this issue of the magazine *"Structural supply shortage or tsunami preparation?"*, the Fed's gigantic dollar issuance and the interest rates in which the U.S. macro investment plan is framed rest on a very specific foundation: the dollar's role as the world's reserve currency, its role as a currency. If this foundation collapses, the whole plan will be nothing but sand castles.

On the other hand, the interdependence of the global market will play a dirty trick on the protectionist ideology sold by the investment plan: the high costs of U.S. industry force its own companies to buy products manufactured at home from abroad, dialectically favouring foreign competitors they would like to

take advantage of: "Arguably the biggest beneficiaries of U.S. President Joe Biden's plan to spend \$620 billion on highways, roads and bridges are the steelmakers.

The Brazilian ones, that is. And the Korean ones. And the Vietnamese and Taiwanese ones.

But not so much the once-mighty American steelmakers that Biden - and Donald Trump before him - pledged to revive. American steel is too expensive for that - \$300 a ton more expensive, based on estimates from Bloomberg and Kallanish Commodities. So expensive that two ships hauled thousands of tons of steel coils from Vietnam and Taiwan to the port of Houston last week, while U.S. Steel Corp.'s Big River Steel complex - a mere 10-hour drive from the port - makes the exact same coil." (Bloomberg, 01-04-2021).

The representatives of major U.S. industrial sectors are neither certain that the capacity of U.S. industry can absorb the demand that the macro plan aims to generate, forcing it to rely again on foreign industry and generating frictions and imbalances at home: "The biggest threat to President Joe Biden's vision of energizing the U.S. economy with the largest infrastructure program in decades may not be its challenging path through Congress, **but a dire shortage of everything from workers to cement mills.** (...) they face immediate shortages -- from steel and cement to the supply of labor -- stemming from the unprecedented difficulties of a sudden reopening of the economy after last year's shutdowns. (...) The National Association of Home Builders says the U.S. will need to lift tariffs on lumber and import more key metals to ensure there's enough aluminum for appliances, copper for wiring and cement for foundations. (...) One constant shortage cited across the country is people. The infrastructure bill increases the demand for trained workers, which the U.S. doesn't necessarily have." (Bloomberg, 04-06-2021).

The new government has been forced to drastically reduce the list of banned Chinese companies, excluding from the ban subsidiaries and companies whose names were similar to the banned companies. Why? "The amendment to Trump's order comes after two Chinese companies successfully challenged it in U.S. court." (Bloomberg, 03-06-2021). The U.S. bourgeoisie through its courts gave a clear indication of this dependence to its representatives in government.

The straitjacket of trade union integration

For the preparation of the war the bourgeoisie knows perfectly well that it is necessary to maintain SOCIAL PEACE at home. Just as Roosevelt did with the New Deal, the precursor of the economic measures implemented by fascism, now it is a question of once again putting the pincer on the unorganised and non-unionised workers through the American trade union service companies: "In the U.S. workforce as a whole, trade union representation has fallen from 20% membership in 1983 to 11% in 2020, according to the U.S. Bureau of Labor Statistics". (El País, 10-04-2021).

This is how our current summed up how the American bourgeoisie succeeded in straitjacketing the working class during the Great Depression: "And this is yet another proof of the **unity of capitalism in its own methods of preservation:** the phenomenon of workers' opportunism, a necessary element in the capitalist defense against the revolutionary assault of the proletariat, assumes everywhere the same aspects; **the counter-revolutionary leaders of the trade unions are no longer required only to contain class clashes in the sphere of legality, reform and collaboration, but to**

become promoters (as in America) or administrators (in Labour England) of more effective - "progressive", that is, more conservative of the regime of exploitation of labour power - methods of managing the economy (...)

A concession that the ruling class could not refuse, not only because the non-recognition of trade unions represented an unsustainable anachronism compared to the current practice in all advanced capitalist countries (unsustainable, of course, not for moral reasons or for reasons of adherence to ideal paradigms, but for reasons of efficiency and organicity in the defense of the maximum world capitalist bastion of the clash of class contrasts), but, above all, because the opening of the internal economic crisis launched powerful masses of workers into the movement and unleashed agitations with a wide range and unpredictable developments. (...)

The organisational inefficiency of the ultra-reformist and ultra-realist unions became a danger for the bourgeois regime: **their recognition and the appearance of philo-labour legislation were indispensable conditions for the restoration of internal social peace,** and thus of economic recovery itself. It was necessary (as the anti-crisis measures were being developed and were having their effect) to prepare the fold into which the disciplined, fluctuating masses, continually thrown by the crisis into the arena of social conflict, could be led. Nor could the fold be the old A.F.L. alone. (...)

The old wolf has not changed his fur: John Lewis takes the initiative for the creation of the C.I.O. **only to prevent the formation of an autonomous and "red" trade union centre.** (The New Deal, or state interventionism in defense of big capital, Prometeo No 3-4, 1952).

The most intelligent part of the American bourgeoisie knows perfectly well that it needs the corset of subsidised unionism to stop any hint of struggle and demands of the workers. That is why Biden and his government have defended the union elections promoted by a **Baptist church priest** in the Amazon warehouse in Bessemer (Alabama) with 5,805 workers.

Amazon has a total of 800,000 workers in the U.S. who are not subject to this straitjacket and the pliers of the American union service companies. "Amazon's main bargaining chip to stop union mobilisation has been wages: \$15 an hour. A desideratum for the majority of American workers (the minimum wage has been frozen at 7.25 dollars for years) (...) A congressional delegation visited the Bessemer logistics centre at the beginning of March to show its support for the employees". (El País, 10-04-2021).

In order to encourage social cohesion and social peace, the minimum wage for workers employed or subcontracted by the administration has also been set at 15 dollars, after having been unsuccessfully proposed as a general minimum wage.

In addition to this there will be more direct aid for workers and the petty bourgeoisie: "President Joe Biden scored his first major legislative victory yesterday with the Senate's approval of an ambitious rescue plan for the U.S. economy, the third since the pandemic began, a package of measures valued at 1.9 trillion dollars aimed at combating the effects of the crisis and strengthening the health response to covid. (...) The plan envisages sending a cheque for up to 1,400 dollars to all Americans earning less than 80,000 dollars a year, 160,000 in the case of couples (...)". (La Vanguardia, 07-03-2021).

Added to this is the state's assumption of part of the overall costs of work (health, education) precisely to mitigate the possible social outbursts caused by the crisis with the "plan for families" of 1.8 trillion dollars: "The new plan presented by

Biden highlights that it extends the system of free public education by four years, which currently goes from the start of primary school at 5 years old to the end of secondary school at 18. On the one hand, it establishes **free schooling for the two years of kindergarten prior to entering primary school**, that is, for the 3- and 4-year-old age groups. On the other hand, the plan also makes two years of studies free of charge in the so-called university colleges, institutions to which access is gained after secondary education and which offer two-year academic degrees. (...) Another of the project's most noteworthy measures is that which establishes a **12-week period of paid leave for maternity and paternity leave, as well as for illness or caring for a family member**, among other less common variables. The plan, at a cost of 225 billion dollars over 10 years, **will pay between 66% and 80% of the worker's salary up to a maximum of 4,000 dollars a month**. The White House recalled in the statement that "the United States is one of the few countries in the world that does not guarantee paid leave" and has therefore "lagged behind its economic competitors in the number of women in the workforce". (...) it plans to subsidise part of the cost of childcare, so that families spend no more than 7 per cent of their income on childcare. (...) Other initiatives included are food programmes for children, a reform of unemployment benefits and significant tax cuts for families". (Expansión, 28-04-2021).

The racial justice plan promoted by the Democrats responds to this need for social cohesion at home: "Biden signed several executive orders to put an end to discriminatory policies" in access to public housing, "reaffirm" the federal government's obligation to recognise tribal authorities and combat xenophobia against people of Asian origin, as well as limiting the transfer of military material to police departments and ordering the federal government to terminate its contracts with private prisons, "the least safe" for prisoners and guards, according to the White House". (La Vanguardia, 27-01-2021).

The bourgeois socialism of the 21st century continues to say to the working class the same of that of 1848: "Free exchange, in the interest of the working class! Protective tariffs, in the interest of the working class! **Cellular prisons, in the interest of the working class!** That is the last word of bourgeois socialism, the only word, which it has seriously spoken." (Manifesto of the Communist Party, 1848).

Social peace at home also requires greater gun control and the U.S. is tightening its grip on gun sales: "(...) there are more than 400 million guns in the hands of ordinary citizens (...) the Administration wants to curb the proliferation of so-called ghost guns or homemade weapons (...) increased funding for initiatives to reduce urban violence in the United States with an allocation for various programmes worth \$5 billion (...) "No one needs a weapon that powerful," said Biden, who called for a ban on these weapons of military capacity (referring to assault weapons)". (El País, 09-04-2021).

Nobody needs such a powerful weapon except the state and the army of the bourgeoisie! To avoid a social outburst leading to civil war within the country, it is necessary to disarm the population. In this case the impoverished American petty and middle bourgeoisie in whose hands most of the weapons are concentrated, but ultimately it is also a question of disarming the working class.

The deposed Trump continues to stir up his followers by claiming that he will return to the presidency in August 2021 and Michael Flynn (a general pardoned by Trump) claimed in Dallas that a Burma-style coup should happen in the U.S. to public

applause (The Independent, 31-05-2021). If we take into account that "One in five of those arrested for the violent and tragic siege of Congress, incited by the now ex-president, were military veterans who once swore to defend the Constitution". (La Vanguardia 24-01-2021) one can see the concern that a part of the U.S. bourgeoisie has about an eventual clash inside the country, with the proliferation of paramilitary groups like the Oath Keepers. In addition to the persecution and the organised public denunciation campaign called Sedition Hunters, the big social networks continue to try to block this faction: "Donald Trump will remain suspended from Facebook Inc.'s networks for at least two years, and the world's largest social media company said the former U.S. president will be reinstated in 2023 only if the risk to public safety has subsided." (Bloomberg, 04-06-2021). Meanwhile, in early April a man rammed his car into the Capitol security barriers (erected after the demonstrations and the thid-rate assault in January), killing a policeman and then getting killed.

Meanwhile, the doors of the army are reopened to transsexuals and women are encouraged to enlist by allowing them to paint their nails and lips and wear different types of hairstyles... In addition, the army is given a facelift with "the deployment of 1,100 soldiers to set up five large vaccination centres in different parts of the country" (La Vanguardia, 08-02-2021).

To the opioid epidemic with which part of the population has been sedated and overdose deaths have multiplied, the U.S. bourgeoisie adds the opium of religion, which is more useful for its purposes of social control.

Another front that could destabilise the U.S. at home is the massive and uncontrolled influx of migrants. The so-called migrant caravans from Central America in late 2018 were funded by the Catholic Church. Thug Steve Banon declared three years ago that in ten years the Catholic Church in the U.S. would be dead, and thousands of paedophile cases began to emerge in the U.S. and around the world. The new U.S. government is made up of avowed Catholics who quote the Bible, St Francis of Assisi, John Paul II, and even church priests: "And Biden, the second Catholic president in U.S. history (the first was John F. Kennedy), is one of the most religious presidents in recent decades. At least among the Democrats, there has not been another so devout since the Baptist Jimmy Carter, who gave classes to children on Sundays in a church". (El País, 31-01-2021). The aim of this reconciliation is twofold: on the one hand, the american bourgeoisie needs the Catholic Church to keep the immigrant working class drugged and narcotised with the opium sold by the Church and, on the other hand, to avoid the attack of the Catholic Church with the massive shipment of human flesh to the borders of the USA.

But to reconcile with the Church, it is not enough to go to mass on Sundays; you also have to leave money in the collection plate: "Joe Biden's government is promoting a plan to invest up to 4 billion dollars (...) over four years in Central America to improve the living conditions of its citizens and thus curb emigration to the U.S. (...) the plan provides for direct contributions to NGOs in order to prevent resources from being diverted (...) after seeing how the investment approved by Obama of 2.6 billion dollars a year (...) did not result in a substantial improvement, this time the government is inclined to channel aid through NGOs and strengthen the counter-powers of civil society (...). 600 million dollars a year (...) did not result in a substantial improvement, this time the government is inclined to channel aid through NGOs and strengthen civil society

counterpowers (...) According to a congressional report, in Honduras, the total number of beneficiaries of U.S. aid agency (USAID) programmes fell from 1.5 million people in March 2019 to 700,000 in March 2020. The cuts hit NGOs working on the ground such as Catholic Relief Services (CRS), whose main donor is the U.S. government". (El País, 30-03-2021). At the border, however, despite all the Democrat humanistoid verbiage, express returns continue to be the order of the day.

This approach has been torpedoed by the U.S. bishops' conference which, by three votes to one, has decided to begin the process of establishing guidelines that would leave Biden unable to receive communion. This shows that there is an important sector within the Catholic Church in the USA that opposes the current bourgeoisie faction or wants the money to stay at home. The Vatican has opposed this measure, as well as an important part of the Church in the USA itself. The Church is not exactly free of internal competition for money, nor has it been in the past: one needs only to recall the war between the Jesuits and the Vatican over control of the manufactories in which they exploited local labour in the missions of Paraguay. In fact, only local bishops can deny communion, so it doesn't look like the U.S. president will be without it any time soon...

As we have explained in previous issues and as the U.S. bourgeoisie itself recognises, the U.S. is highly dependent on foreign labour: "Biden signed an order reauthorising the granting of green cards (permanent residency) and overturning the ban imposed by his predecessor (...) In his memorandum, Biden argues that this veto "was not in the interest of the United States". "On the contrary," he remarks. (...) "It also harms U.S. industries that use talent from all over the world", he reiterates". (La Vanguardia 26-02-2021). "The reform, which would benefit people without criminal records who were in the United States on 1st of January of this year, includes ways to regularise the situation of the estimated eleven million people without papers who are currently in the country; many of them work and pay taxes. It is the most ambitious legislative proposal on immigration since Ronald Reagan signed an amnesty law in 1986 that regularised the situation of three million people in an irregular situation". (La Vanguardia, 19-02-2021). It is to have SEDATED all this immigrant mass that the American bourgeoisie needs to have and be on good terms with the Catholic Church!

Let's return to the analysis of the classic New Deal

The political substance of the movements of American capitalism can be synthesised as they appear in the classic study carried out by our current in 1952:

*"Shall we draw the conclusions from this rapid synthesis of Rooseveltian measures? **The State steps in with the double aim of economic stabilisation and social stabilisation:** it helps to save the dangerous industries, to finance their expansion and to maintain their prices; to consolidate this policy of conservation and the forces to be controlled and disciplined. When the therapy has had its effect and the large concentrated*

enterprises have shown that they can stand on their own feet, the state, not without preparing the ground propagandistically with an anti-monopoly campaign, goes further - it becomes an entrepreneur, and, in part, a manager (...) in the social field, it does not eliminate unemployment but "redistributes"; it does not increase the average wage per head, but it ensures a minimum wage to the reserve of the partially unemployed (or employed); it institutionally recognises the trade unions in order to link them to the general policy of the exploiting class." (The New Deal, or state interventionism in defense of big capital, Prometeo no. 3-4, 1952).

"The analysis of the economic policy of Roosevelt's New Deal is of particular interest today because it allows us to reaffirm, on the basis of extremely clear data, two criteria of interpretation of the social facts which have been confirmed by the marxist critique in the face of the convergent assault of revisionism and official democratic ideologies and, therefore, to see clearly also in the developments which that policy has had in this post-war period, both on the economic plane and in the political superstructure.

***The first is that, despite the diversities of political form, the capitalist regime acts in its own internal crises in a unitary way, with methods of economic policy that are the same as those of democracy and fascism.** Interventionism, dirigisme, state management - which are, moreover, the classic reformist recipes for economic and social revival - are common aspects of any bourgeois political regime in the phase of maximum exasperation of its internal contrasts, convergent expressions on the international plane of the politics of capitalist preservation.*

*The second is that state intervention in the economy, far from signifying a subjugation of capital to the rule of a supposed abstract collective entity which is the people, **constitutes the sharpest and most ruthless form of the manoeuvre of the public authorities in defense of capital,** and therefore of its domination as the work of an ever-narrower circle of private interests. (...) **As a result the attribution of the progressive label to the Rooseveltian New Deal, as to any form of dirigisme or state management of the economy - a label which one cannot see the reason why democratic ideology does not extend to fascism, which is historically the progenitor not of interventionism, contemporary to the capitalist regime, but of its organised and planned codification** -, can have only one meaning for the Marxist critique: the recognition that those forms signal a step forward in the ruthless class domination of the bourgeoisie, an exaltation of the exploitation of labour power as the work of capital. If there is progress (Oh theoreticians of intermediatism!) it is only in the weapons of defense of capitalism, in the theory and practice of counter-revolution." (The New Deal, or State Interventionism in Defense of Big Capital, Prometeo No. 3-4, 1952).*

INTRODUCTION

This article, published in what was at that time the review of our Party in Italian, *il Programma Comunista* no. 18/1969, sets down a problem that is always trending as long as the bourgeoisie feels that its system is in crisis and some fractions of the bourgeoisie get ready for the direct repression while others try to ideologically bind the working class for the struggle, not against the capitalist system, but against the "right" or the "extreme right". The usual scarecrows are wagged, whatever their name is: Salvini (La Lega), Meloni (Fratelli d'Italia), Orbán (Fidesz), Trump (Republican Party), Bolsonaro (Partido Social Liberal), Le Pen (Rassemblement National), Abascal (Vox), Meuthen (Alternative für Deutschland), Michaloliakos (Golden Dawn), Ventura (Chega), Kasczinski (Right and Justice), etc. and once the scarecrows have been wagged, they try to convince us the proletarians that our

fight is always that of defending the "democratic" or "progressive" fraction against this worse evil.

All the fractions of the bourgeoisie pursue the same purpose which is the defense of the capitalist system, and whatever differentiation between them is a defeat coefficient for the proletarian class. The position which identifies fascism as a return to feudalism, when it is actually a more modern form of defense of capitalism, the last resort against the proletarian revolution, is particularly poisoning. Our current established the correct tactical directives to frame this recurrent and traitorous pretension that the working class should allegedly be the insurer of the existence of the democratic bourgeoisie.

THE ONLY TRUE STRUGGLE AGAINST FASCISM IS THE STRUGGLE AGAINST THE CAPITALIST REGIME

During the whole electoral period in Germany, but as well anywhere else, the battle cry of the democratic Saint George that departs with his spear against the fascist dragon was echoed. All the "true democrats" – and who is not? – the "friends of the peace" and the Maoists, the student associations and the "reborn" German communist party, the Kremlin and the... White House, have called and call to the saint war against the rebirth of "Nazism". Merely 25 years after the end of the second world war, after the alleged definitive victory of democracy over fascism, we are therefore again at the starting point!

By watching things only on the surface, one could be tempted to pity that poor Saint George: he beheads the dragon again and again, but new heads always grow: this must be the hand of the devil! And actually, all the attempts of the democrats to explain fascism can be reduced to spells: *Vade retro, Satana!* Those who believe in the devil, can be satisfied with such explanations, and they grab the stylographic against it. For what has to do with us, we repeat the following Marxist thesis:

1. Fascism is neither a "return" to predemocratic forms, nor a "madness", but a *necessary tendency* of the capitalist society.
2. Therefore *no struggle against fascism exists outside the struggle for the overthrow of capitalism* by means of the revolution and the proletarian dictatorship.
3. Any call to the defense of democracy, any attempt to oppose fascism in the name of democracy, any alliance of the proletariat with "democratic" classes and parties, leads to the destruction of the proletarian movement and sets the stage to fascism.

We have not discovered these thesis today; the Marxist Left, which in 1921-23 led the Communist Party of Italy and which afterwards fought against the degeneration of the III International, formulated them ever since the first appearance of fascism, and the experience of half a century has done nothing but confirming them.

For the democrats, the distinctive character of fascism is the fact of openly exercising an "illegal" violence and abolishing the democratic rights and freedoms, something that makes the democrat uneasy. For us, not only there is nothing to cry for in

this, but the aspect mentioned above is not even absolutely sufficient to characterize fascism. We have always denied that class struggle can ever be refereed – as a football match – by a "legality" superior to the classes; we have always stated that the working class *cannot democratically* conquer the power, that the most democratic of all Constitutions protects capitalist production relations, and that democracy is only a masked dictatorship of the bourgeoisie, when it does not watch out – and how many times has it done so! – to choke in blood the working-class movement.

Refuse violence, call upon legality and democracy, and therefore renounce once and for all to the revolution! We, on the contrary, are happy to see that the bourgeoisie is forced to remove the democratic velvet glove and to openly show to the workers its iron fist, demonstrating in such a way that there is no "right" above classes and that the right is only the mirror of the *force relations between classes*.

For us (and we have always stated so), fascism represents the attempt, 1) to overcome the contradictions inside the bourgeoisie, 2) to forbid all independence to the working-class movement.

Democracy was the political form that allowed the interests of the diverse bourgeois strata to express and defend themselves. In the period of the so-called "pacific expansion" of capitalism in the whole world (around 1870-1910), this form could prevail in the strongest bourgeois States; at that time the bourgeoisie could also tolerate an independent working-class movement, because it had the conditions not only to satisfy some of the immediate claims of the workers, but even to corrupt them by means of economic concessions, deviate them from the revolutionary struggle, and turn their organizations into reformism.

In the period of imperialism, things turn out to be more difficult. Imperialism pushes not only to the *concentration of capital*, but also to the *exasperation of all the contradictions of the capitalist society*. The bourgeoisie must try to dominate these antagonisms; this means that the interests of the capitalist "individual", of the single company, or of this or that social stratum, have to bow when facing the *general interest* of

national (and sometimes international) capitalism. As a representative and administrator of this general interest, the State needs to get more and more centralized; even the legislative power cannot be trusted to the free debate of the parliamentary spokesmen of all the bourgeois interests, but it ends up more or less directly in the hands of the big capital, which already has to "administrate" the whole.

In the same way, the bourgeoisie cannot tolerate an independent working-class movement. This does not mean that it does not tolerate any working-class organization (as in its revolutionary phase), but that it seeks to deprive these organizations of any *class political nature*, transform them into corporative organs and integrate them in the state administration.

In a nutshell, the bourgeoisie tries to prevent the fight between classes, *unitarily* organize its own society and "administrate" it in the alleged "interest of everyone". Of course, this attempt is doomed to fail, or better, it can only triumph for a certain time. In fact, the "free play" of the capitalist production laws that in this moment develops itself based on (apparently!) exclusively "technical" criteria, reproduces the traditions of capitalism on an even bigger scale, and it inevitably leads to *new social crises*. It is for this reason, after all, that fascism is right from its birth nationalist and an enthusiastic supporter of war: the bourgeoisie can "resolve" crises only by means of war, in order to restart a new cycle afterwards.

It is evident that this *general and necessary tendency* of capitalism is not performed in a straight and homogenous way; the ways and the speeds of this development depend on the particular conditions of this or that country. After the first imperialist war, it has appeared first in the *weakest* capitalist countries, Italy and successively Germany. Even though the bourgeoisie of those countries succeeded, thanks to social-democracy, in escaping from the first revolutionary assault, the proletariat remained in a threatening position and, on the other hand, the return back to movement of the economy presented not slight difficulties. Hence, here appeared for the first time the need to unify all bourgeois strata, whether in order to fight against the proletariat or in order to reorganize capitalist economy. The Italian bourgeoisie, one of the weakest, has shown the path to the rest. And it has also been in Italy where fascism has made most use of brute violence, since the proletarian movement was still powerful and it could only be torn apart by force, whereas in 1933 Germany it already was in the middle of its decomposition.

It was a big mistake of the Communist International, to define fascism as "reactionary". Of course it was reactionary, *but only regarding the proletarian revolution*: it was the completed form of the *bourgeois counterrevolution* and it was, at the same time, *the bourgeois progress*, as it could be more clearly seen after the second imperialist war, when the "democratic" States have even defeated the "fascist" ones, but fascism has defeated democracy, and sooner or later all countries have become fascist. We had foreseen it. We have not let the "pacific" appearances of this fascistization fool us and we still do not: on 1922-24 it was still necessary to attack workers in the streets and squares; in Germany, after 1933, police terror and concentration camps were still needed in order to intimidate and submit them; but after 1936 the Communist International was already so rotten, that the French "communist" party looked after subjugating the workers to the interests of the "Homeland" and to prepare them for the *union sacrée*: not to speak about England and America – for what reason should the bourgeoisie beat the workers that yield to its interests?

The degree of open violence only depends on the resistance capacity of the workers; but what we are most interested here with is the *content* of fascism and, after the war, it is clearly revealed everywhere: concentration of capital and political power, integration of the proletarians into the "people", into the national unity. And it is very characteristic that the evolution of the unions gets closer to the model of the Mussolinian "corporations", that is, that those tend to become "unions" that accept as definitive the capitalist production mode, defend the interests of the company and the nation, and in the best case limit themselves to protect the particular interests of certain categories as "shares" of the company or national production.

Workers are not the only ones oppressed by the totalitarianism of big capital: the middle classes also suffer it. In the first postwar, this pressure was still weak, since the general reconstruction provided a way out for all the merchandises. But, with the first signs of the future saturation of the world market, with the first earthquakes that announce the crisis, international competition gets to its peak, every nation is forced to "rationalize" production, reduce costs, and it does so on the shoulders not only of the workers, but also of the petty bourgeoisie and small capitalists. The example of France is paramount: the old "usurer capitalism" has had to "modernize" itself and, for example, in the last 10 years it has been forced to eliminate close to 300.000 people from agriculture, while a great offensive against the small trade is in course and the State openly favors the concentration of the companies in order to make production competitive. As it is natural, this "modernization" gives raise to the resistance of the petty bourgeoisie, which is even stronger as long as no proletarian attack threatens the basis of capitalism. The history of Gaullism, which has only partially reached its goals, shows how the bourgeoisie has troubles in performing its unity when an acute class struggle is lacking.

In Germany, after the liquidation of any working-class movement, the military defeat and the war destructions have allowed the bourgeoisie to "pacifically" and "democratically" reach this unity: all the classes are subjected to the requirements of the reconstruction of German capitalism. But capitalist miracles do not last. Swollen by American capital, having gotten fat by means of the pacific exploitation of immigrant workers of a little bit from everywhere in the world, German capitalism (which Lenin already in 1916 defined as a concentration model) is today so plethoric that it suffocates inside its borders more and more as international competition tends to restrict them. (One of the root causes of the Russian occupation of Czechoslovakia in the summer of 1968 has been precisely the need to forbid German capitalism to access this hunting reservation).

Thus, as it is in the order, not "of the things", but of the bourgeois economy, capitalist *expansion* leads to the *crisis*, which puts an end to the social peace and the international peace altogether. Classes enter again into a state of turmoil and the States start to clash: "pacific" fascism, the "democratic miracle", has gone down in history, and its *legitimate son*, brutal and warlike fascism, raises its head again. The NPD (German neo-Nazi party), for instance, expresses the objective expansion strength of German capitalism, as well as an intention to overcome the current crisis and the social conflicts.

It is clear, taking into account all that was stated, that shedding tears over this evolution has no sense. Statements such as: *"the behavior and declarations of the leaders and the speakers of the NPD... prove that in this party a militarist,*

national socialist and in general antidemocratic mentality (!!!) rules" (7th National Congress of the DGB – the German worker union confederation), and assertions such as "It is necessary to impede that in Germany the process that led to the catastrophes of 1918 and 1945 is repeated" (regional secretary of the DGB of de Baden-Württemberg), are inoperant today as they were so yesterday. Their only true result it to maintain the illusion that men can freely "choose" between democracy and fascism, between pacific and violent exploitation, between peace and war. Behind all this phraseology, there is the old miserable petty bourgeois dream of the pacific coexistence between classes and States, the dream of capitalism without contradictions!

* * *

But it is not only a child dream. This ideology is *opium* fed to the proletariat *with ever more rush and insistence as long as the hard reality threatens to open their eyes and make them again accessible to the class positions.* One cannot "choose" neither between democracy and fascism (that is, between latent and open dictatorship of the capital), nor between peace and war. *As long as it survives, capitalism follows its path,* with its cycles of productive orgy and distribution madness, drinking now the sweat and then the blood of the workers.

This is the true alternative in front of which mankind is placed: **DICTATORSHIP OF THE CAPITAL OR DICTATORSHIP OF THE PROLETARIAT.** Only the communist revolution, the destruction of the bourgeois State and the proletarian dictatorship, can break the yoke of the capital, turn into pieces its economic laws and rescue mankind from its "prehistorical" sufferings.

We do not grow vain nor want to delude the workers: we know that communist revolution will not happen tomorrow morning. Not because the workers do not have the strength to make it, but because this revolution is only possible if these ones

have their *class conscience* and their *class organization.* Those have been destroyed by the counterrevolution, and not as much with the baton and the rifle, but with *the democratic ideology.* The enemy that openly presents itself as such is much easier to oppose than the murky democrat that dilutes the clear consciousness of the class antagonisms in the unity of the poor, or the liberal petty-bourgeois that asks the proletariat to join it against big capital and, at the same time, strives to undermine all the *proletarian class politics* and afterwards turns into fascism since "at the end, there is no other option". The result of the wrong tactics of the Communist International has confirmed our position: these "friends" are the most dangerous!

The true struggle against fascism is the struggle against democratism, the struggle for the reconstruction of the proletarian class movement with its class program and its class party, the Communist Party. Some may argue that such a struggle requires too much time: "fascism is at the gates – they say -; let's all men of 'good will' join right now against it!"

That who reasons in such a way, is in reality nothing but a defender of capitalism!

The obstinate defense of the communist positions; the patient reimportation of such positions into the working-class; the daily union of the partial fights with the historical purpose of the proletariat; the stubborn fight against the democratic and pacifist ideology: those are the fundamental conditions for the class rebirth of the proletariat. These will require the necessary time; but this is *the shortest path, the only one!* The "struggle for democracy", today, is worthless. It had sense when the *precapitalist* structures and social relations needed to be overthrown. But now it is capitalism that needs to be overthrown, and, *this can only be done by the proletarian dictatorship!*

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