

Report on the International situation

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The general line of this report, presented by Laurent Carasso in the name of the Bureau of the Fourth International and enriched by the discussion that followed, was adopted by the International Committee by a large majority on February 25, 2012.

The international situation continues to be marked by a profound absence of perspective of the capitalist world. Almost five years after the beginning of the sub-prime crisis, the system is incapable of escaping from its crisis of over-accumulation. The pressure organized by the banks and the power centres of capital to maintain the rate of profit in spite of weak growth only worsens even further people's living conditions.

1/ The prolonged and worldwide character of the crisis is confirmed

Today growth has slowed in all the sectors of the capitalist world:

Growth of GDP	2010	2011 I	2012 P
Europe Zone	1.9	1.6	-0.3
United States	3.0	1.8	1.8
Japan	-4.4	-4.9	1.7
Brazil	7.4	1.5	3.0
China	10.4	9.2	8.2
India	9.0	7.4	7.0

[Source: IMF, January 2012]

The transfer of the crisis from US and European banks to sovereign debt and public deficits has also developed and spread.

Public deficit or surplus as % of GDP	2007	2008	2009 II	2010 P	2012 P
France	-2.3%	-1.1%	-2.1%	-2.5%	-4.0%
Germany	-0.2%	-0.1%	-0.4%	-1.5%	-1.0%
United States	-0.9%	-0.0%	-0.9%	-1.0%	-0.1%
Japan	-2.4%	-1.1%	-1.0%	-0.9%	-0.9%
United Kingdom	-0.2%	-1.4%	-2.5%	-2.0%	-1.0%
Brazil	-0.8%	-1.0%	-1.5%	-1.5%	-1.0%
China	1.9%	0.9%	-0.6%	-1.1%	-1.0%

[Source: ICF, February 2012]

Gross public debt as % of GDP	2008	2009	2010 II	2011 P	2012 P
France	64.1%	70%	67.4%	67%	66.7%
Germany	66.7%	70.4%	65.2%	60.7%	61.4%
United States	70.1%	80.9%	68.5%	110%	110.2%
Japan	106.2%	110.3%	119%	123.4%	122%

[Source: IMF, January 2012]

These figures indicate both an overall slowing of growth in GDP, the recession in the eurozone (Q4 of 2011, 2012), with this zone experiencing its own crisis within the crisis, with its specific characteristics.

The capitalist world is afraid that in its weakest link, the eurozone, a terrifying mechanism is unfolding: a reversal of the effect of leverage, starting from the financial crisis of the banks of the eurozone, which would have chain effects in all of the industrialized countries, as well as in the emergent countries in Europe and in the rest of the world. That is the justification for the injection by the ECB of hundreds of billions of euros into the coffers of the European banks.

Although the IMF congratulated itself on an annualized growth rate of 3.5 per cent in the third

quarter of 2011, its global forecast for 2012 is just 3.3 per cent (1.2 per cent for the advanced countries).

The social effects of the crisis have already led to two new phenomena that have marked the last year:

- The continuing shock wave of the revolutions in the Arab world: Tunisia, Egypt, Libya and Syria, with the social dynamic of these revolutions continuing clearly to unfold;
- The phenomenon of the Indignant in Europe and Occupy Wall Street in the United States, marking a new wave in the prolongation of global justice mobilizations, but there too with their own specific characteristics.

The economic and social crisis is combined with the deepening of the ecological crisis. The global warming that is taking place is now an undeniable reality. The failure of the Durban Summit in December 2011 is the manifestation in this context of an uncontrolled slide towards ever-increasing ecological disasters in coming decades. Hundreds of millions of men and women are already suffering the consequences of flooded land and the multiplication of catastrophic climatic phenomena. These tendencies will continue to increase in coming decades, while the capitalist system is not only unable to prevent this evolution, but is in fact mainly responsible for it.

These evolutions are made worse by policies of deforestation and confiscation of aquatic resources, which both express and reinforce the relations of imperialist domination. The catastrophe of Fukushima revealed the incalculable risks that nuclear plants represent for humanity. This source of energy, wrongly presented as being renewable and not generating greenhouse gases, is a terrifying sword of Damocles, and apart from Germany, Switzerland, Italy and Japan, all the nuclear programmes are being maintained and sixty power stations are under construction in the world today.

2/ The affirmation of a systemic crisis

Up until 2007, capitalism had experienced almost fifty years of a long phase of accumulation. After the recession in the mid-1970s, it introduced neoconservative policies of liberalization and deregulation that made it possible for this phase of accumulation to be extended for another thirty years.

From the 1990s on, this regime of accumulation was maintained on the basis of private, and to a lesser extent public, debt.

This system developed by gradually incorporating China into the mechanisms of accumulation.

The destruction of productive capacity in Europe and the United States has been compensated by a big development of productive capacity in China, which is only very partially absorbed by domestic demand. Mechanisms were put in place whereby China supplied both capital and commodities to the US domestic market, whose consumption was based on indebtedness and on an overvalued property market.

Today the two pillars of the crisis are the limitations of the US model and the crisis of the eurozone and the European Union.

Based on its historic power and the central role of US banks and institutions, the United States has got the rest of the world to finance its trade deficits.

This mechanism is now jammed and we are seeing a progressive change of polarization. China in particular, is looking to sell more of its products on its domestic market, and to export more of its capital to other parts of the world, starting with the emerging countries of Asia, Africa and Latin America.

There has clearly been a re-balancing since 2007.

In 2011, the combined production of the eurozone and the US only just returned to its level of 2008. In the same period, economic activity in the emerging countries grew by 25 per cent and by more than 50 per cent in Asia (India + China + the ASEAN 5: Philippines, Thailand, Indonesia, Malaysia and Singapore).

The production of value in the three poles of activity is tending to converge, but with different dynamics:

Public deficit or surplus as % of GDP	2007	2008	2009	2010 P	2011 P
Europe	-2.0%	-3.3%	-3.1%	-3.7%	-4.5%
Germany	-0.5%	-0.7%	-0.8%	-1.2%	-1.5%
United States	-1.2%	-0.5%	-0.7%	-0.9%	-0.7%
Japan	-2.0%	-2.5%	-2.8%	-3.0%	-3.0%
United Kingdom	-1.0%	-1.4%	-1.7%	-1.6%	-1.5%
Russia	-2.0%	-2.0%	-2.0%	-2.5%	-2.0%
China	1.5%	0.0%	-0.5%	-1.5%	-1.5%

[Source: IFC/IM, February 2012]

GDP in US\$ bn at current prices	2011	2010	% growth
1 United States	17 065	16 521	+3.3%
2 China	6 000	5 870	+2.2%
3 Japan	5 831	5 414	+7.7%
4 Germany	3 629	3 240	+11.9%
5 France	2 809	2 743	+2.4%
6 Brazil	2 716	2 690	+0.1%
7 United Kingdom	2 441	2 250	+8.5%
8 India	2 340	2 017	+16.0%
9 Russia	1 831	1 480	+23.7%
10 Korea	1 645	1 612	+2.0%

The economic levers, such as the IMF and the World Bank, remain entirely in the hands of the American and European powers and nearly 80 per cent of capital in the form of stocks and shares remains concentrated in the advanced capitalist countries (of the 50 groups holding most shares in other international groups, 24 are American, 8 British, 5 French, 4 Japanese, 2 Swiss, 2 German, 2 Dutch and only one Chinese)...but in 2010 the emerging countries accounted for 38.3 per cent of goods exported, 57.8 per cent of foreign exchange reserves, 52.5 per cent of CO₂ emissions, and above all 83.5 per cent of the world population.

The shift that is underway is no longer just demographic, but industrial, commercial and financial. Today the centre of the zones of production has changed.

3/ The other focus of the crisis is in the eurozone

Today the IMF, the World Bank, and the big financial groups are at the bedside of the eurozone. The capitalist world is worried: "World recovery is threatened by the growing tensions in the eurozone and the weaknesses in other regions. Financial conditions are worsening, the prospect of growth is growing dimmer and the risks of a downturn are intensifying" (IMF-World Economic Outlook, 24.01.12). The IMF now assumes, in its optimistic scenario, that there will be a "moderate" recession in the eurozone in 2012, with an overall average growth of 1.5 per cent in the advanced economies. This recession will be caused by rising interest on sovereign bonds, the effects of de-leveraging on investment and the impact of "re-balancing" budgets.

The boomerang effect of European construction has been confirmed: behind the pressure of the big banks, via the credit rating agencies, to secure their assets, which include large amounts of sovereign debt, it is the crisis of the euro that is being played out: The choice is between sharing the burden of debt, which implies turning the ECB into something more like the Fed, and the disintegration of the euro zone with the successive exits of Greece, Portugal,...

Since neither of these two capitalist solutions has been chosen, the eurozone is sinking further into crisis, against a background of a looming recession over two successive quarters. The ECB has put the principal European banks on a drip-feed, providing them once again this spring with a transfusion of hundreds of billions of euros. But the concrete consequence of this situation for the populations of Europe is dramatic: in the absence of an economic upturn in production and without a lucrative sector of financial investment this crisis is producing an acceleration of policies of social regression, on the basis of the diktats fixed by the OECD and the IMF: cuts in public spending, counter-reforms in pensions on the pretext of the debt, wage freezes.

This agenda is today becoming an absolute obligation, so that budgets will appear capable of meeting the commitments of the sovereign debts. It is also the opportunity to complete the neoliberal counter-reforms that have been undertaken over the last thirty years.

The current debate in the Greek bourgeoisie (but also in the radical Left) demonstrates that capitalist pressure is being exercised in a way that takes less and less account of national factors.

The sharpening of the crisis is taking place through an unprecedented political crisis in Italy and in Greece, where it is directly France and Germany, as leaders of the euro zone, who have brought down two governments in order to install “technical” governments led by former employees of Goldman Sachs. The latest plan of the “troika” (IMF, ECB, and European Commission) has just decided to put Greece under direct control. This political crisis can quickly spread to Portugal and Spain. Today in Europe, the horizon of capitalism is blocked.

The paradoxical tendency of globalisation is a turning inward in the USA, and in Japan where domestic demand is slowing the recession...even the emerging countries are seeing a slowdown of their activity and a desire to master their inflation.

In addition, between 2007 and 2009 the prices of raw materials rose by between 20 and 30 per cent.

Far from improving the standard of living in the exporting countries this speculative rise has, according to the OECD statistics, meant that the number of people suffering from extreme hunger has risen from 800 million to more than a billion, affecting above all Africa and women who are heads of one-parent families.

This pressure on food prices, coupled with the direct effects of the financial crisis, has accelerated political crises and shaken political regimes in a series of countries.

4/ The start of a long-term revolutionary process”

The movements which led to the overthrow of Ben Ali and Mubarak had deep roots in the social activity of the workers’ movement, really organised as a trade-union force. Up to now, the electoral results and the political map of these countries show a profound lack of synchronisation with this social reality. But the wave of popular movements has spread over the last year, from Libya to Syria, and is far from having exhausted itself.

The successive waves of popular struggles, both in Egypt and in Syria, and the present movements in Morocco and in Algeria bear witness to the social depth of the movements that are underway. Profound social causes constitute the matrix of these dynamics, which are powerful enough to shake the region of the world that has the greatest number of despotic regimes.

The rate of unemployment among women in North Africa and the Middle East is the highest in the world and the rate for young people is twice that of the poorest regions such as South Asia and sub-Saharan Africa.

The battle is being waged on several levels: at the regional level it is the imperialist project of the greater Middle East, with Mubarak's Egypt as the lynchpin, which is collapsing. A new political arc can be built with Qatar, the Muslim Brotherhood, and the various Islamic parties. The current pressure on Iran by Israel and the Western countries aims to resist this destabilisation and the isolation of the Zionist state, which has lost its best ally.

5/ The logic of the movements of resistance that are underway

The phenomenon of the Indignant marked the year 2011. Starting from Portugal in the wake of the Arab revolutions, on March 12th, it erupted on May 15th in the Spanish State; then in July and August in Israel, and since September in the USA. With a high point on October 15th in several hundred cities across the world.

This movement, whatever happens now, demonstrates the social violence of the policies carried out by Western governments against their own population, the absence of any perspective proposed by the social-democratic currents, and also the weakness of the responses in terms of mobilizations by the forces of the social and anticapitalist workers' movement, which does not seem a natural reference for these movements.

This movement, which expresses democratic aspirations, for control, in opposition to the economic dictatorship of capitalism, is eminently political, even though it most often rejects parties. It should be seen in relation to the massive social mobilizations called by the trade unions in most of the countries of the European Union.

These social mobilizations, as well as the movements of the Indignant, testify in negative to the crisis in political perspectives in the region.

While it is capitalism itself which is being put in the dock in all the mobilizations, the political forces capable of structuring these movements politically appear to be at a paradoxical level of weakness.

6/ The perspectives of action for revolutionaries

Resistance will continue to develop in Europe, in the Maghreb, in the Middle East, in Africa, but also in the emerging countries of Asia. That makes all the more necessary coordination, united action of the revolutionary and anticapitalist organizations of these regions.

But the development of this resistance is taking place and will continue to take place, raising in the process several questions of the first order.

The most important is obviously the question of content, of the political perspectives for this resistance. The situation is in no way comparable to that of the decades preceding 1989, in which any regional conflict found itself inserted into the confrontation between the United States and the USSR.

Some people are tempted in the present situation to maintain old campist reflexes around the opposition of certain regimes to American imperialist policy. These reflexes have sometimes led them to wrong positions based on a misinterpretation of the Libyan revolution or the Syrian resistance. However today, whatever Hugo Chavez may think, there is no anti-imperialist front involving Ahmadi-Nejad, el-Assad and Kim Jong-un. No more than there is in Greece a way out for the workers in a national union formed around the rejection of the euro. But these two examples illustrate well the question of the lack today of points of reference capable of encompassing all kinds of resistance in a struggle that can lead to a global alternative to the capitalist system, posing the question of the programmatic, militant, organizational dynamics of the present movements of

resistance.

The other question is obviously that of the consequences of the displacement of the poles of industrial production. First of all the explosion of precariousness and the social deconstruction in the capitalist metropolises, with social consequences that we have not seen very often in recent decades. But also, in Asia, the structuring of a massive urban working class, which is gradually becoming conscious of its common demands and of its strength.

This swing of the pendulum is not a zero-sum game: what is being lost in Western Europe is not found in Asia. The workers' movement is a political construction, not a simple objective sociological reality. Today, the challenge of creating a political identity in these new working classes is colossal, while the "workers' movement" does not represent any international alternative society to capitalism.

Twenty-five years after the fall of the Berlin Wall, we would be wrong to see in the lack of credibility of a socialist alternative only the consequence of the rejection of the "really existing socialism" of the Stalinist states.

Certainly, that still exerts an influence, but it only adds to the negative weight represented by the balance sheet of all the social-democratic governments in Europe, Asia and Latin America, governments which often found allied around them radical parties unable to trace an independent strategy.

So the challenge clearly is, more than ever, for revolutionaries and anticapitalists, to create a social and political alternative that responds to the aspirations and the revolts of populations hit by the crisis and by poverty.

The months and years to come will be marked in all the regions of the world by the social and environmental effects of the systemic crises that we are living through.

The present imbalances will continue to weaken the populations, but also the state structures: the Arab revolution, as well as the political crises in Greece and Italy, bear witness to that.

So social discontent will continue to increase, seeking ways to express itself.

The real challenge for anticapitalist currents will be to be present in the heart of mobilizations as they unfold, to be able to propose to these movements a social and political programme, capable of giving them coherence and perspectives.

The present political hegemony of the conservative religious forces in the election results in Egypt and Tunisia, as well the rise of nationalist and even far-right currents in Europe show the challenges which face us.

The clearest aspect of this challenge is that any progressive response to the present crisis implies a global questioning of and challenge to capitalist society. Flowing from that, having confidence in the possibility of successfully advancing in this direction will be crucial for our ability to respond. That also makes it necessary to structure political forces on an international level and to make sure that they are putting forward political responses on this level.

P.S.

* <http://www.internationalviewpoint.org>