

## **The tendency to world war is reinforced and plebiscitary democracy advances everywhere.**

### **The proletariat is confronted with a new phase in the constitution of belligerent international blocs on the basis of the fiscal crisis of the state**

History is still accelerating. The conquest of executive power by the Trump team in Washington marks a turning point in how the international bloc around the US is constituted. The strategic objective remains the same: to prepare for a confrontation, including a military one, with China and its allies. On that level, nothing has changed in relation to the government of Joe Biden. But in contrast, the current US administration is taking significantly different initiatives to contain Chinese imperialism. Three geopolitical crisis scenarios have been turned upside down.

The war in Ukraine, a pure product of Muscovite neo-colonialism, is the theatre to be most shaken up. Kyiv's difficulties in stemming the slow advance of Russian troops on its soil are obvious. The bloc that has armed and financed Ukraine to date has achieved what it set out to do: permanently weaken a Russian army that has lost hundreds of thousands of men, thousands of pieces of ground equipment and several warships. The time has thus come to "reach out" to Moscow for a semblance of peace that would give the Kremlin the upper hand, in order to thwart the strategic alliance that was sealed by Russia with China on the eve of the invasion of Ukraine, and never denied since<sup>1</sup>. The European Union, collateral damage in the formation of blocs and of the war in Ukraine, could disappear. The "concessions" that Washington is willing to make are very close to the wish list of Putin and his ilk: the partial withdrawal of NATO troops from Russia's borders, the rejection of Ukraine's application for admission to NATO, the partial

or total cessation of military aid to Kyiv, recognition of the annexation of the eastern Ukrainian territories conquered by Moscow, Putin's reinstatement at the "big players" table, the return of confiscated assets and an end to sanctions. To overcome the reluctance of the Kyiv executive, Moscow and Washington are jointly demanding that Ukraine's presidential election be held soon after "peace", with the aim of replacing Volodymyr Zelensky<sup>2</sup>. The end of the isolation decreed by the "West" towards Russia should, in the intentions of the current American government, allow the "strategic" alliance between Moscow and Beijing to crack. But, in the process, Washington takes an option on Ukraine's rich mineral reserves<sup>3</sup>.

The regional war affecting Israel, Syria and Lebanon is the second theatre to be subjected to the most important changes since the Trump team took power. The odious Anti-Semitic pogrom of 7 October 2023, which led, under the pretext of reprisals, to the horrible massacre by the armies of Tel Aviv of the Palestinian civilians of the Gaza Strip and the Occupied Territories of the West Bank along with the invasion of South Lebanon and, today, the Syrian territories in the Golan Heights, has raised a tombstone over any perspective, even a very weak one, of constituting a Palestinian state. Washington is acting in continuity with the Abraham Accords, which rule out the two-state solution (which our movement has always

<sup>1</sup> See: MC/KpK, UKRAINE: "Russia's colonial expedition accelerates the course to world war", Bulletin n°22, 27 Feb 2022: [https://mouvement-communiste.com/documents/MC/Leaflets/BLT2202E\\_NvG.pdf](https://mouvement-communiste.com/documents/MC/Leaflets/BLT2202E_NvG.pdf)

<sup>2</sup> Ukrainian law does not allow elections to be held during Martial Law nor within six months after it. See: Foreign Policy, "Ukraine does not want Wartime elections", 17 November 2023: <https://foreignpolicy.com/2023/11/17/ukraine-elections-war-russia-zelensky/>

<sup>3</sup> See: "What minerals does Ukraine have and what are they used for?", BBC News, 24 Feb 2025: <https://www.bbc.co.uk/news/articles/c20le8jn282o>

criticised, of course), even making it formally impractical by organising the forced removal of the Palestinian population, already harassed for a very long time by the armed fascist gangs of Israeli settlers. Iran has been marginalised in Lebanon, through the destruction inflicted on Hezbollah. Syria has realigned towards Turkey after the coup d'état that Ankara supported (and perhaps piloted with Israel's complicity) – which will also increase repression against Syria's Kurdish population and against Syrians of non-Sunni faith. All these factors are conducive to new conflagrations in the Near and Middle East.

The American tariffs and diplomatic offensive against its two neighbouring countries – Canada and Mexico – and against the European Union is aimed at reinforcing the primacy of the United States in the “Western” bloc that it leads. The “allies” are being brought to heel through two channels.

The first line of action is to boost purchases of American goods by introducing tariffs as a powerful spur to more “balanced” trade, trade that will further strengthen ties between the United States and its “allies”. In this framework, the diplomatic and commercial battle for control of raw materials is at the heart of Washington's concerns. With threats of annexation, forced sales of hydrocarbons, “hybrid” equipment (usable in both peace and war), military hardware, etc., to countries once declared to be friends, Donald Trump's “protectionism” is in no way a withdrawal of the United States into itself. On the contrary, it is intended to restore the position of the US within the capitalist hierarchy with its interests centre stage inside its own bloc. Completely. US “protectionism” is the riposte to attempts at “multipolarity” on the part of some of its “allies”.

Washington's second line of action is to pool the unproductive costs of common defence on the Eastern European border. For decades, American military doctrine has been built around the inability to wage two high-intensity conflicts simultaneously. NATO can only survive on this condition. Nothing is really new here in relation to the US foreign policy towards Europe adopted by Joe Biden. But the methods applied and the means used are very different.

These first two courses of action, which the current US administration boasts about, respond to at least three imperatives.

First of all, Washington is facing its toughest test since the post-war era, with a China that is rapidly arming itself, and whose economic power is now of the highest order. Beijing has been waging a currency war for many years against the dollar's dominance and its unique role as the international currency<sup>4</sup>. China is rapidly closing the gap with the USA in new technologies, infrastructure and production equipment. It no longer conceals its desire to seize Taiwan by whatever means are necessary. Taiwan is a country crucial to the production of sophisticated semi-conductors, indispensable for economic development and the modernisation of military resources in China. China can now count on a number of “friendly” countries to form its own geopolitical bloc, first and foremost Russia.

But things are not looking good in Beijing, prompting Washington to act quickly by exploiting China's weaknesses to curb its appetite. The after-effects of the property crisis, itself a consequence of the latent banking crisis caused by a mountain of bad debt, are far from having been absorbed. State-owned companies and Chinese provinces are riddled with debt. Without the support of the banking sector, many companies would have to close down, and many provinces (and cities) would have to cut back drastically on spending on infrastructure, personnel and public services.

The US has to take back full control of value chains and supply chains. To do this, it needs both to protect itself against growing imports and to repatriate entire segments of production that were previously relocated abroad. A solid industrial base that is as free as possible from dependence on other countries is a prerequisite for engaging in a long arm wrestle with China and its “allies”. Mastery of trade routes is an important complement to this process. Trade and tariff intimidation are perfectly consistent with the accelerating polarisation of the capitalist world. The same

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<sup>4</sup> See: MC/KPK, *la guerre monétaire, signe avant-coureur d'un conflit armé global*, Bulletin n°28, 20 April 2024: <https://mouvement-communiste.com/documents/MC/Leaflets/BLT2404FRvF.pdf>

goes for burying the already decaying body of international regulations and the organisations that are supposed to apply them. International law, the product of the double victory of the United States against Germany and Japan and then against the Soviet Union, is no more. Demonstrations of force, unilateral actions in every field and rigorously bipolar negotiations define the new normality of a world whose heart seems to be racing.

The trade and monetary policy pursued by the Trump administration presupposes that inflation is contained and that the greenback is not too strong, to enable goods produced at dollar-denominated prices to be sold abroad. At the same time, however, the greenback risks appreciating as investors seek to protect themselves as best they can against the proliferation of geopolitical risks, for example by acquiring the safest and most widely available assets in large quantities. The most important of these are obviously those denominated in dollars, including federal debt securities. And for US Treasuries to remain attractive, it is essential that federal debt remains contained within a limit, otherwise there will not be sufficient demand for titles to the debt.

How to square the circle? First, drastically reduce the supply of titles to federal debt by massively slashing current federal government spending (de facto shifting it onto the individual US states). Secondly, push the Federal Reserve to maintain an “accommodating” monetary policy towards the dollar, thereby encouraging its gradual depreciation. Low central bank interest rates, as intended by the “Trumpian” economists, would make it possible both to provide sufficient funding for the economy via the institutions of

credit and to at least partially offset the loss of market share for goods produced in the United States, whose production costs will rise as a result of higher tariffs.

This is a plan which could, at a certain point, collide with the Federal Reserve whose primary function is to contain inflation, that is to say the depreciation of the dollar. But there is more to come, because, in passing, Washington must preserve its federal debt capacity and the role of the dollar as the dominant international currency by far. Preserving the federal government's debt capacity presupposes that federal debt remains attractive to foreign investors. Between a fifth and a quarter of US Treasury Bonds in circulation are held by foreign investors, of which 3% are Japanese and 2% are Chinese. But if the dollar depreciates excessively against other currencies, because of the rise in inflation that mechanically results from the increase in tariffs leading to higher production costs for goods whose manufacture is repatriated, then foreign investors will be less inclined to buy dollar-denominated financial assets, which include federal Treasury Bonds.

In addition, Beijing is steadily reducing its holdings of US federal debt in line with its long-running currency war against the dollar as an international currency. Japan, for its part, is in turn reducing its exposure to US federal debt due to unfavourable exchange rates. As long as the dollar serves as a safe-haven investment in a world beset by multiple threats and destabilisation, the yen will be severely penalised. This is even more true given the Japanese central bank's decades-long monetary policy of “accommodating” the weak yen in order to boost Japanese exports.

The fear of a sudden fall in demand for titles to the Federal debt haunts the circles of transatlantic experts: *“Political and economic circumstances can increase the risk of a fiscal crisis. We define a fiscal crisis as a sudden, large, and persistent downturn in demand for Treasury securities relative to supply that triggers a sharp and persistent spike in interest rates. Such a rise in interest rates on Treasuries would most likely precipitate a crisis in the global financial system.”*<sup>5</sup>

A dollar which is too strong or too weak could be very damaging. Applying the programme of the new American government is so complicated and its results so uncertain that it considers that it has to begin methodically dismantling any institutional counter-powers by putting an army of loyalists in key positions and wiping out entire administrations, as with the Department of Education.

With the second presidential term of Donald Trump, the project of plebiscitary democracy is enriched with a coherent and organic plan, at least on paper, however difficult it will be to concretise it. Among the pitfalls it will encounter, obstacles to the process of competitive selection of capital figure prominently. In the medium term, the slowdown in the equalization of profit rates is likely to result in a reduced capacity for capital valorisation, combined with a trend towards capital centralisation reinforced by the closure of borders and the emergence or consolidation of cartels.

The working class has nothing to gain from this policy, since the inevitable rise in the price of goods whose consumption serves to reproduce labour power will lead to the depreciation of labour power, the loss of purchasing power of wages, while their value will rise as a consequence of the rise in the production prices of goods used to reproduce labour power. Only a revival in economic struggles around wages will enable them to be preserved. Such struggles must also aim at the managerial command of workplaces which has been reinforced by the installation in the centres of power in the United States of a gang of reactionary and authoritarian characters who are completely unfamiliar with the class “culture of conflict”. We wish them only bad dreams provoked by the resurgence of proletarian rage.

Paris, 3 March 2025

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<sup>5</sup> See: Brookings, *Assessing the risks and costs of the rising us federal debt*, 12 Feb 2025: <https://www.brookings.edu/articles/assessing-the-risks-and-costs-of-the-rising-us-federal-debt/>