

The Progressive and Revolutionary People Must Prepare for the Coming Revolutionary Storms

-Statement of the MRC on the Occasion of New Year's 2011

Global Debt Crisis

During the past year, the financial and economic crisis that began in 2008 continued to plague the capitalist world, despite repeated claims that a recovery had begun. The claims of a recovery were based entirely on the performance of the major stock markets, buoyed up by the approximately US\$15 Trillion dollars handed over to the big banks and other financial institutions to prevent a meltdown of the global banking/financial system. To put this into some kind of perspective, the total value of all real property in the world is estimated to be about \$50 Trillion. So, over the course of the past two years, various governments have transferred the equivalent of more than 25 percent of the world's assets into the pockets of the super-rich.

Yet, despite this historically unprecedented transfer of wealth from the public to the private sector, the debt crisis facing the private banking and financial sector continues to cast a pall over the world's major economies. The mortgage crisis in the U.S. continues. Personal debt continues to skyrocket, fuelled by the flood of cash into the financial sector and repeated assurances from the media and political leaders that the crisis is over.

Far from ending the crisis, the massive government bail-outs have simply set the stage for a deeper and broader crisis. The debt crisis afflicting the "private" sector has now been joined by a crisis of state debt in an increasing number of countries. During the past year several states defaulted on their

debt payments, including Iceland, Ireland and Greece. It is expected that the debt crises in Italy, Spain and Portugal will also mature this year. Many of the countries of Eastern Europe, particularly Ukraine, Belarus, Poland and the Baltic states, are essentially bankrupt. For that matter, the American state is also, for all intents and purposes, bankrupt. Only the fact that so many countries hold American debt and so many countries rely on the artificially inflated American consumer market to buy their exports has allowed the U.S. to continue its spending spree.

The state debt crisis in Europe is already generating enormous pressures on the Euro and on the European Union (EU) itself. The EU was established for the sole purpose of facilitating the economic pillage of the smaller European countries by the big powers – Germany, France and, later, Britain. The smaller states were reduced to mere satellites of the big powers - sources of labour, raw materials and markets. The mobility of labour within the EU allowed the weaker economies to get rid of their surplus labour and cheap and plentiful credit allowed them to institute welfare states to further relieve social pressures. However, the credit crunch and the economic crisis have combined to simultaneously dry up the source of funds for these states and to return hundreds of thousands of surplus workers back to their home countries. In effect, the big powers were instrumental in facilitating the crisis and are now

See page 2: Revolutionary Storms

Revolutionary Storms...from page 1

relentlessly shifting the burden of the crisis onto the backs of the weakest states and poorest peoples in Europe. As this crisis broadens and deepens, a real possibility exists that the EU will break up and inter-state tensions will escalate.

Re-Emergence of Russia

To the east, Russia has re-emerged as an economic and military power to be reckoned with, although it is a long way from re-establishing itself as a global superpower. Its control of vast oil and gas resources has allowed it to recover to some extent from the wholesale looting of the state treasury that took place during the 1990s and to shore up its sagging military machine. In 2008 it crushed Georgia, a major U.S. ally in the Trans-Caucasian region and re-established its essentially unchallenged domination over the energy resources of that region. In 2009 and 2010 Russia re-asserted its control over the Central Asian republics, signing long-term contracts giving it sole access to their natural gas resources and convincing Kyrgyzstan to close a U.S. military base which had been established in the wake of the U.S.-led invasion of Afghanistan in 2001. It also appears that Russia was instrumental in organizing a coup in Uzbekistan to block a proposed U.S. military base in that country. Russia has also been establishing or strengthening ties with those states in the Middle East which are being threatened by the U.S. and Israel, particularly Iran and Syria.

During the past two years, Russia has also brought Ukraine to its knees on the issue of natural gas transmission through Ukraine. It has completely dismantled the U.S. gains achieved by the so-called "Orange Revolution" and

brought Ukraine firmly back into the Russian sphere of influence. It is currently building two new natural gas pipelines bypassing Ukraine to the north and south to further weaken Ukraine's strategic position and make it even more reliant on Russian largesse. However, this reassertion of Russian neo-colonial domination of Ukraine has also exacerbated the internal tensions and divisions within Ukraine and a growing separatist movement in the western part of the country, no doubt with support from the U.S. which stands to gain the most from splitting Ukraine into two states.

Russia has also retaken control of its own oil resources which were threatened by a U.S. take-over. Mikhail Khodorkovsky, the Russian oligarch responsible for scheming to sell Russia's largest oil company to U.S. buyers has been sentenced to a further jail term, signalling that the pro-U.S. elements within the Russian oligarchy are still on the defensive.

Russia has also taken measures to strengthen its economic alliances with Germany, on the west, and China, on the east, further blocking American attempts to surround, isolate and reduce Russia to a U.S. colony. These alliances are still tenuous, but, if consolidated, they would make it extremely difficult for the U.S. to maintain its hegemony in Europe and Asia. However, it would be a mistake to overestimate Russia's current position. It has still not fully recovered from the economic and financial crisis of the 1980s and the subsequent looting of the country during the 1990s. Financially it is still quite weak and dependent on foreign investment. Furthermore, its implementation of neo-liberal policies has further weakened the state in key areas and its complete integration into the international capitalist system makes it just

See page 4: Revolutionary Storms

Cubans Discuss Updating Economic Model

On December 18, Cuban President Raul Castro delivered an historic speech during the closing ceremony of the Sixth Session of the Seventh Legislature of the National People's Power Assembly. The speech comes at a critical period in the life of the Cuban Revolution, a period during which there is enormous pressure, both internal and external, to destroy the revolution and return Cuba to the fold of capitalism and imperialism. The Sixth Session discussed Draft Guidelines for the Economic and Social Policy which will provide the framework for building socialism over the coming period.

Several main themes emerge from Raul Castro's speech and some of the reports of the discussions, many of them reflecting the assessment that the struggle against bureaucratism is a key struggle in defence of socialism. Castro discussed plans to decentralize government and shift some of the decision-making powers from the federal to the provincial and municipal levels. This would provide more initiative to those directly affected by the decisions to ensure that the decisions are actually implemented.

The plan to decentralize governance is coupled with measures to decentralize the economy, particularly in terms of non-essential services. These measures would allow an expansion of the self-employment sector and place more initiative in the hands of individuals and collectives to make investment decisions at their level. At the same time, Castro made it clear that this does not mean abandoning socialist planning, as the state will retain control of the key areas of the economy and will take measures to prevent the concentration of wealth in the hands of individuals and collectives.

Castro discussed the problems in the arena of socialist planning at some length, pointing out that false optimism often lead to misleading and outright false reports on the fulfillment of plans. He emphasized that whether intentional or not such falsifications undermine the economy and of the socialist system itself. He stressed that those occupying positions of leadership will be held accountable and those who do not fulfill their duties with competence will be removed, regardless of their

position in the party or state and despite their past revolutionary credentials.

Closely coupled to these proposals is a measure that would see greater delineation between the party and the state. Castro stated that the elected representatives must be allowed to carry out their responsibilities without interference from the party. For its part, the party will be able to concentrate on its primary role as a political organization and organizer of the people, with its cadres being expected to use logic, argument and persuasion to convince the people to support its goals.

Castro also dealt with the false equation of socialism with the welfare state. He announced plans to end universal state subsidies on goods and services and replace them with subsidies for those individuals and families who actually need them. This would not only reduce unnecessary expenditures of the state, but would actually reduce inequalities within the society based on vocation, area of residence, number of dependencies, etc. At the same time Castro announced that ultra-equality, which in the past has seen individuals performing extremely important jobs remunerated at lower rate than those performing less important jobs, will also be addressed and individuals will begin to be paid salaries more commensurate with their skills and merit.

Castro emphasized that the concept of socialism as a system which provides people with something for nothing must be done away with and a culture of hard work must replace it. In this respect, he announced that over the next five years 500,000 unnecessary state employees will be transferred into non-state sectors as those sectors are opened up. At the same time, he stressed that those who are unable to work for one reason or another will continue to be guaranteed a basic livelihood.

Castro also discussed the issue of Cuba's debt and various proposals to reduce it. He pointed out that Cuba imports many commodities which it then sells to individuals at subsidized prices. He said that those subsidies will be eliminated entirely on non-essential items, while other measures will be taken to

See page 8: Cuba

Revolutionary Storms...from page 2

as vulnerable to the current economic/financial crisis of that system as every other capitalist state.

China

China has one of the few economies that is still growing at a rapid rate. This growth is based on a number of factors, not the least of which is that China has been a favourite destination for foreign investment for the past decade or so. Much of the investment is by multinational corporations that are simultaneously closing plants elsewhere and opening plants in China. One of the main reasons for this is the depression of wages caused by the rapid impoverishment of the peasantry through the privatization of land and social services, which has created an enormous pool of surplus labour. While China is attempting to create a large domestic market for the products produced there, a very large portion of the production is for the U.S. consumer market, which means that China's continuing growth depends on the continuing growth of American consumption. China has also become the world's biggest purchaser of U.S. debt which makes its economic future doubly dependent on the health of the American economy.

China also has imperial aspirations. It is rapidly penetrating Latin American and African markets, long the preserve of the U.S. and European powers, and has embarked on a multi-decade project to build up its military power, particularly its navy. It was announced in 2010 that China has now deployed a new generation of anti-ship missiles against which the U.S. navy has no defences and which could force the U.S. Seventh Fleet to vacate the Taiwan Strait.

However, despite the rapid growth of the Chinese economy, the rise in unemployment and poverty is even more rapid. This is creating a lot of social unrest from the base of society, unlike that of the 1980s which came from the elites and was financed by the U.S. state and Hong Kong tycoons. So, despite its apparent strengths, China's economy is actually quite fragile and subject to severe disruptions from both external and internal sources.

India and Brazil

India and Brazil also have rapidly growing economies, although they are expanding at a rate considerably less than that of China. Both countries have been taking measures to establish themselves as regional powers and have been manoeuvring to distance themselves to some extent from U.S. dictate. But both countries are also heavily dependent on export markets, especially the American market.

U.S. Policy in Crisis

As for the U.S., 2010 was not a particularly good year. It remained bogged down in Iraq and Afghanistan. In the case of the former, it appears that the various factions within Iraq are just waiting for a pull-out of U.S. troops to escalate the sectarian violence and tear the country apart. In Afghanistan, despite Obama's "surge" of 30,000 additional troops during the past year, the war is slowly but surely slipping out of control. The insurgents have escalated their resistance and American casualties are growing. The American puppet Karzai has repeatedly threatened to join the Taliban if his demands are not met and it appears that the U.S. has no one else to take his place.

U.S.-Israeli attempts to isolate Iran and bring it to its knees have largely failed, while

See page 5: Revolutionary Storms

Revolutionary Storms...from page 4

Syria has been quietly building up its military capability. In Lebanon, Hezbollah is, for all intents and purposes, the state and its armed forces constitute the main defence of the country. It has reportedly acquired large numbers of anti-ship missiles and long-range rockets that can reach deep into Israel. The genocidal Israeli war against the people of Gaza at the beginning of 2009 has accomplished nothing in terms of destroying the Palestinian resistance, while further discrediting the Palestinian Authority in the eyes of the Palestinian and world's people. Israeli acts of piracy in boarding the Gaza flotilla in international waters and murdering seven activists served to further isolate U.S.-Israeli policy. In apparent response to the attack, Turkey signalled a shift in its support from Israel to the Palestinians. Despite this growing international isolation, there are reports, based on secret communications exposed by Wikileaks, that Israel, with U.S. support, is planning a major offensive against Lebanon and Gaza in the near future.

U.S. attempts to stem the election of anti-American governments in Latin America met with mixed results. While failing to overthrow the governments of Chavez in Venezuela and Morales in Bolivia, in 2009 the U.S. was successful in engineering a coup in Honduras which removed democratically elected president Zelaya. In 2010 the U.S. was implicated in an attempted coup against Ecuadoran president Correa.

The U.S. economy continued to struggle during the past year, kept afloat only by massive injections of state debt and the reluctance of the rest of the capitalist world to allow the U.S. economy to collapse and drag them down with it. Unemployment and mortgage failures

remained at high levels. In response to this situation there were growing pressures within the U.S. government for protectionist measures, particularly against China, but also against Canada and other trading partners. Similar pressures are growing in other countries, as well, and are sure to multiply as the crisis deepens and broadens.

There are growing divisions within the ranks of the monopoly capitalists everywhere on how to best deal with the crisis, but these divisions appear to be most marked within the U.S. One section of the ruling elite wants to continue with the so-called "Keynesian" approach of massive state expenditures, which consists mainly of handing out huge amounts of cash to financially-troubled corporations. Another section favours slashing state expenditures, particularly expenditures on social spending, while simultaneously slashing taxes on the super-rich. This is not so much a case of a difference in overall approach as a difference in tactics. Both factions favour shifting the burden of the crisis onto the backs of the working people. However, one faction favours bailing out the monopoly capitalist class, as a whole, while the other prefers an "every man for himself" approach in which the most powerful monopolies get everything.

In the U.S., the latter faction of the ruling elite has cobbled together a so-called "grass roots movement" – the Tea Party Movement – in an attempt to seize the reins of power and institute policies favourable to itself. Ironically, this "movement" is funded by many of the very finance capitalists that it purports to oppose. In Europe, similar, right-wing, racist and xenophobic movements are also being organized by the finance capitalists to be used both as instruments to gain power for themselves, as well as to be used against the

See page 6: Revolutionary Storms

Revolutionary Storms...from page 5

movements of the working class and people which are gaining some momentum.

Neither in the U.S., Europe or in Canada does there appear to be much of a division of opinion within the ruling elite on the issue of establishing police states. Using the threat of terrorist attacks, most likely organized by the states themselves, the security apparatuses of the states are being rapidly strengthened. In the U.S., not since the 1970s have the FBI and other state agencies conducted so many raids and arrests of political and anti-war activists. However, the increasing fascization of the state should not be interpreted as a sign of strength of the capitalist states. On the contrary, it shows that the capitalist ruling elites are increasingly fearful of their own peoples and of the inevitable resistance movements which will emerge in the coming period.

Disequilibrium in Canada

In Canada, the state of disequilibrium continued over which section of finance capital will control the state machine. The country is essentially split between East and West, with Quebec going its own way and playing one side against the other. No parliamentary party appears poised to emerge with a majority government and Canadians seem comfortable keeping it that way.

Rich Becoming Richer

Meanwhile, despite the crisis (or more accurately as a result of it) in every capitalist country the rich, especially the super-rich, are getting richer while the poor are rapidly getting poorer and the middle strata are either treading water or drowning in a sea of debt. The fact that the super-rich are getting richer during a period of decline in the average rate of profit demonstrates how the most powerful capitalists are using the state to extort wealth from the entire society, including from less powerful sections of the capitalist class. There

is no indication that this trend will be reversed in the near future.

Drawing Conclusions

What can we conclude from these developments? For one thing, the crisis which began in the financial sector in 2008 and spread to the economic sector in 2009, during 2010 increasingly involved every aspect of society. Even the massive bail-outs could not turn the economy around. From this it is clear that neo-liberalism, at least in the form it has taken since the mid-1980s, has run its course and is no longer capable of staving off crisis or restoring profit rates to previous levels.

The U.S. is declining in economic power and is in danger of losing its hegemonic position within the international capitalist order. At the same time, there is no new power on the horizon capable of taking up that mantle and imposing its own will on its rivals. This is a recipe for extreme instability and inter-imperialist wars to re-divide the world.

The super-rich are taking advantage of the crisis and using their control of the state to implement a historically unprecedented transfer of wealth from the general population to themselves. This, in turn, can only result in further exacerbation of the financial/economic crisis to historically unprecedented levels.

While the international economic/financial system is extremely weak and vulnerable to collapse, the finance capitalists themselves control immense amounts of wealth and power and have a virtual monopoly on the use of violence. They will use these strengths to hold the entire world to ransom and escalate the impoverishment of the world's peoples. In other words, we are headed towards a period of extreme right-wing policies and violence against the people. This can already be seen developing in the U.S., France, Greece and other countries.

See page 7: Revolutionary Storms

Revolutionary Storms...from page 6

As the crisis further develops and the burden is increasingly transferred onto the most vulnerable nations and peoples, the viability of entire nations will be put into question, similar to the situation which has already been created by the imperialists in Africa and Haiti. This, in turn, will result in the creation of weak links in the chain of imperialist states. Southern and Eastern Europe are already becoming such regions. Various countries in Latin America and Asia are also becoming weak links. As the situation matures, the resistance of the working class and people will also escalate and the possibility of a break in the chain of imperialism will become more and more likely.

In the midst of this situation, the progressive and revolutionary forces are at their weakest level since the early 1900s. This is not accidental; it is a consequence of those same historical developments which gave rise to the current crisis of capitalism. The first of those historical developments was the betrayal of revolution and socialism by opportunism and revisionism in the post-WWII period. This was also not accidental, but merely one of the consequences of the emergence of a revitalized international capitalism under the control of U.S. imperialism and the extremely aggressive counter-revolutionary activities of the U.S. and European powers during that period. The ongoing imperialist ideological assault against revolution and socialism was given a boost with the collapse of pseudo-socialism in the Soviet Union and countries of People's Democracy in the 1989 to 1992 period. The monopoly capitalist system received another boost with the massive transfer of wealth from the developing countries and the former socialist countries to the advanced capitalist countries as a result of the policies of neo-liberalism. The euphoria of the days of soaring stock markets in the 1990s coupled with the active promotion of various dead-end ideologies within the popular movements since the mid-1990s also served to derail the movements of the people and destroy their effectiveness. In North America, in particular, the revolutionary organizations have either been destroyed or reduced to impotency.

What is to be Done?

It is important for progressive and revolutionary people to grasp that this objective situation is neither of their making nor do they have any significant control over it. It is what it is and will develop as it develops, independent of our will. The only thing that the revolutionary forces can accomplish at this juncture of history is to provide themselves with organizations and institutions capable of leading the working class and people when the inevitable political crises break out. What form those organizations and institutions will take is not particularly clear at this time. There are both negative and positive models from the past to learn from, but there are also new needs of the movement which must also find appropriate forms. To a significant degree it matters less what the forms are than what content people are seeking to find forms for. It also matters less whether people are absolutely correct in whatever activities they undertake than the fact that they are taking action of some kind to change the situation. Those who are serious about their desire to change the situation and who persist in striving to turn those desires into reality will make progress and learn from their successes and failures. Those who are not serious or do not persist will fall by the wayside. That is the reality of life, not just of revolution.

No one can predict when or where revolutionary movements will emerge and even less so where or when they will be victorious. All we can say, as Lenin did, is that revolution will break out where the chain of imperialism is weakest, and where that happens to be is usually realized after the fact rather than before. However, we do know that capitalism is organized into national states and revolutions are also organized on a national basis. It is the responsibility of the working class and people of every land to, first and foremost, settle accounts with their own bourgeoisie. Our greatest solidarity with the oppressed and fighting people of the world would be to overthrow capitalism and establish socialism in Canada.

The thesis that revolution is either impossible or unnecessary in Canada has plagued the Canadian

See page 8: Revolutionary Storms

Cuba...from page 3

reduce Cuba's dependency on imports for various essential items. He gave the example of coffee which Cuban experts had taught the Vietnamese to cultivate with great success, but which Cuba does not produce itself. He stated that if Cubans want access to good quality coffee they will either have to pay the market price or begin producing it themselves. Those items which Cuba cannot produce will have to be paid for with exports in order to eliminate the existing balance of trade deficit.

Underlying all of these measures are new guarantees of the right to conscience. Castro said that not only must Cuba's leaders accept debate and criticism, they must embrace it. He said that it was hoped that criticism would take place in the right way, at the right time and in the right place, but they know that will not always be the case, but they are not afraid of the challenges that will emerge.

With this open debate on a new economic model it would appear that Cuba has now entered a stage in its revolution very similar to that in the Soviet Union after the Second World War, a stage in which the extension of democracy and defeat of bureaucracy became crucial to the success of the revolution. There should be no illusions about the viciousness of the class struggle in such a stage; this is stage which, in many respects, marks the final battle between the forces of revolution and the forces of counter-revolution and, to date, the forces of counter-revolution have prevailed at this stage in other countries. With Raul Castro's speech and the economic measures being discussed for adoption, the main leaders of the Cuban revolution have declared their intention to carry the revolution through to the end, to ensure that socialism is irrevocable and will survive beyond their own passing.

In these days as the world is just beginning to emerge from two decades of profound retreat of revolution, these developments in Cuba are deeply inspirational and cause for great optimism amongst the revolutionary peoples of the world. *Modern Communism* will be following the discussions and developments in Cuba with great interest over the coming months and will attempt to keep its readers updated on important trends that emerge there.

Revolutionary Storms...from page 7

progressive and revolutionary movement for far too long and it is time that we settle accounts with that thesis, as well. The theories of Marx and Lenin, which have been confirmed over and over again, make it clear that revolution is both possible and necessary in every capitalist country in the world and will break out when the objective and subjective conditions develop to a sufficient level. The objective conditions for the revolutionary overthrow of capitalism have existed in Canada since the rise of monopoly capitalism in the early 20th century. However, the subjective conditions have historically lagged behind. At this time the main subjective factor absent in Canada is the existence of a national revolutionary organization and other institutions of political leadership. Therefore, the most urgent task facing progressive and revolutionary individuals in Canada is to build such an organization and such institutions. That act, and that act alone, is the key to unlocking the secrets of Canadian revolution and preparing for the revolutionary storms that are gathering force just beyond the horizon.

Modern Communism

**Bulletin of the Manitoba Regional Committee
of the Communist Party of Canada
(Marxist-Leninist)**

Editor: Ken Kalturnyk

To contact the MRC of CPC(M-L):

Email: mrc-cpcml@mts.net

Internet: www.modern-communism.ca

Produced by volunteer labour