

# RALLY, COMRADES!

THE VOICE OF THE LEAGUE OF REVOLUTIONARIES FOR A NEW AMERICA

## Debt as a Class Weapon

Government debt is the number one excuse for cutting spending on essential goods, services and infrastructure. The recent political manipulation of public opinion over increasing the U.S. government debt ceiling had a calculated conclusion. All the squabbling politicians - whether Democrat or Republican - are in total agreement about protecting the interests of their wealthy corporate patrons.

Both parties agreed to continue the tax breaks benefiting the wealthy; no serious consideration was given to minimal increases in tax rates on the financial elite that would have brought in enough income to offset the federal deficit. Both parties agreed that the only acceptable solution was to cut federal spending on jobs, essential services and infrastructure.

Debt today is used as a weapon employed by government and Wall Street to foreclose on the public and reconfigure the government "of, by, and for" corporations.

### FEDERAL AND STATE DEBT

The 2008 bank bailout was the largest transfer of public wealth into private hands in world history. This Great Give Away put roughly 20 trillion dollars in the hands of the largest banks, multinational corporations, and financial institutions worldwide.

In what constitutes a watershed in American economic and political history, the government took on toxic assets and paid for them dollar for dollar. Full control of the banks, corporations and financial institutions remained in the hands of the very same people who caused the crisis.

To finance this Great Give Away, Washington borrowed from the very banks they were bailing out. The recipients of the bailout are also the brokers and underwriters of federal debt. The laws in every country in global capitalism protect the creditor at the expense of the debtor. Increasingly the banks call the shots in budget crises at the federal and state level.

Having created the huge federal deficit - by their refusal to tax the super wealthy, by the financing of endless wars and the bank bailout - the politicians and the corporate media then turn to the public and raise the alarm about the size of government debt, inciting calls for "smaller government," and balancing budgets "like your household has to."

Unlike households, the federal government has the unique ability to issue the national currency. Washington can create trillions of dollars at will through the Federal Reserve - a joint government/private entity dominated by giant Wall Street banks - the way they financed the Great Give Away.

The economic crisis of declining revenue and increasing debt literally shackles state and local governments. Unlike the fed-

eral government, they cannot create money and by law their budgets must be balanced. Like their colleagues at the federal level, state politicians in service of their wealthy patrons refuse to raise taxes on the super rich. States have been slashing expenditures on public education, health care services and other essential programs serving the very young and elderly, students, and the most impoverished and vulnerable. Here humanity suffers the greatest harm. Here at the state and local level is the sharpest point of conflict, the emerging battlefield of political class struggle.

### VERY REAL CRISIS: UNDERLYING CAUSES

The underlying cause of the current debt crisis is found in a major shift in the economy that began over forty years ago as computerization and robotics began replacing workers in industrial production. Wages declined as the market was flooded with unemployed workers seeking jobs in competition with wageless robots. Allen Sinai, chief global economist at the research firm Decision Economics succinctly expressed the corporate view: "You basically don't want workers. You hire less, and you try to find capital equipment to replace them." (*New York Times*, Feb. 20, 2010)

Wall Street has been the greatest money making sector of the U.S. economy since 2000. In 1973, financial returns were 16% of total corporate profits; by 2007, they reached 41%, coming mostly from the vast expansion of indebtedness.

From 1990 to 2010 the cost of living increased 67%, while wages stagnated and declined. Debt filled the gap. Total personal debt is now over \$16 trillion. Consumer debt is \$2.5 trillion. Credit card debt is \$805 billion and student debt now exceeds \$1 trillion.

The dominance of global financial institutions and Wall Street banks is both consequence and cause of the exorbitant amount of debt in our economy. Massive corporate, consumer and government debt make possible the unproductive speculation that is prominently paraded as economic growth.

As robotic electronic means of production replace workers, and the value of labor and profit rates fall, speculation - making money from money - increasingly becomes the means by which the owners of capital continue to accumulate and concentrate income and wealth. Debt and speculation go hand in hand, each one relying on and fueling the other.

Computerization of financial institutions and transactions greatly facilitates the "making money from money" economy by developing an array of instruments such as securitization and credit default swaps. The credit default swap market was \$45 trillion in 2007, larger than the country's entire

gross domestic product. A form of "insurance" having nothing to do with actual commodity production, it is a speculative bet; casino speculation like this increasingly drives the stock market and the real economy.

### RULING CLASS POLITICAL "SOLUTION"

The economic side of the crisis is profoundly real. The political "solution" imposed by Washington and Wall Street is no solution at all. By ignoring the real needs of the public and further concentrating and consolidating power in the hands of the corporations and banks, the State itself is becoming the cause of more intense crises and instability.

Greece demonstrates the direction of this political solution. In order to raise the revenue to pay off bank loans that keep the country "solvent," Greece is being compelled to sell off and privatize government-owned property like roads, beaches, ports, public utilities and the post office. The government of Greece has, ironically, now opened a new Office of Privatization!

This solution is increasingly being imposed across the United States. From Greece to Michigan, with its Emergency Financial Manager law, powers of the public are being privatized and eliminated in order to extend corporate private property.

### WORKING CLASS POLITICAL SOLUTION

Humanity produces trillions of dollars in wealth every year, seized by corporations as their private property. The much smaller proportion of overall wealth in the hands of the working class is heavily taxed. Yet corporations today demand an ever-greater share of public resources.

The State supports corporations by providing public roads, ports and infrastructure, airports, the military budget, R & D from public universities and by educating their workforce in public schools. Not only do corporations exploit workers at the point of production, but working class taxes are siphoned off to fuel corporate profits. Now corporate domination of the State is destroying society - with debt as a class weapon in the hands of the State. Either the public must

take over the corporations, or the corporations take over and destroy society!

### HISTORICAL END OF PRIVATE PROPERTY

Twice before the United States has reached this nexus where forms of private property strangle the public. In 1776 the property of the King of England and corporations like the Massachusetts Bay Corporation predominated. The American Revolution abolished these forms of property and established democratic rights and public ownership.

Before the Civil War the slave-owners controlled Congress, the Presidency and the Supreme Court. Human slaves were considered private property. During the 1850s, the Fugitive Slave Act extended private property rights in human slaves even further. The Emancipation Proclamation and the North's victory in the Civil War abolished private property in slaves.

Once again the U.S. has reached a revolutionary moment where conflict between the development of labor and technology in production on the one hand and private property on the other requires a transformation of private property. With the merger of the State and corporations, government is controlled by private property, and hostile to the working class.

Each of the historical revolutionary moments resulted in the transformation of private property in the particular form that was possible at that historical time. Now, in this revolutionary moment, it is possible to abolish all forms of private ownership of society's technology and means of production. Individual personal property - the things that individuals use personally everyday - remains untouched.

Historically, when society reaches the limits of its development, and, like capitalism now, can no longer expand, the ruling class uses its control over private property and the State to siphon the last drop of social wealth into its hands.

Polarity between wealth and poverty stretches to the breaking point. The ties that bind are torn asunder. Two antagonistic classes face off and fight it out until the revolutionary class succeeds in abolishing all private property strangling society.

## INSIDE

- Instability in Time of Epochal Change
- Public Banks and Class Politics
- Historical Shifts and the Danger of War
- Arab Uprisings and Global Capitalism
- Dig Deep, Spread Vision of New Society

# Editorial: "All Goes Onward and Outward"\*

Sometimes it is difficult to see our way through. Everything appears to be chaotic, chronically unexplainable, our lives thrown about like a child's toy. From the daily lived experience of individuals to the great strivings of the masses in motion, our class seeks an answer, a direction, a means of turning this world into the one that we have so longed to see.

The key is to grasp the constant thread that runs through all history: the transformation in the means by which human society produces the wherewithal of its existence inevitably calls forth the demand to reorganize that society to unleash the potential of that transformation. This is the foundation of all human history, every revolution, and every song, piece of literature and poem heralding its emergence, its struggle and its inevitable resolution.

We see this transformation taking place before our eyes. All the articles in our current issue speak to this restlessness of human history, this struggle to live, to be thrown into a fight often against our will, living as if with two minds, struggling to hold on to the

old life, but inexorably forced to take up the fight for something new as the old crumbles beneath our feet.

"Instability in Time of Epochal Change" shows the particularities of how this process has unfolded in our country, the vast upheavals wrought by the changing economy and the apparent chaos as myriad political forces, ideologies and economic interests struggle and clash for resolution.

The article "Historical Shifts, Instability and the Danger of War" charts the shifting of world economic power over the centuries as new forms of wealth arose in different regions, and the process by which those regions rose to prominence, one stage of development leading to another, laying the foundation for the possibilities that mark our own time.

Yet, as Walt Whitman says in one of his poems, "The Open Road", "These are the days that must happen to you", days where our struggle in the present teaches us how to fight for the future.

Three of our articles grapple with the particularities of the manifestation of this

transformation we are looking at: "Arab Uprisings and Global Capitalism" examines the process in the Middle East. The articles "Debt as a Class Weapon" and "Public Banks and Class Politics" examine the specific economic and political manifestations of the process in the U.S.

Each article analyzes the problem under investigation, but also shows how these particular manifestations are simply expressions of the overall world-historical process underway. As such, the conclusions cannot help but be similar.

Society cannot go forward unless it takes over the economic power of the corporations. That cannot be done without our class holding the political power as a class that will allow it to reorganize the economy and society according to the interests of the majority of humanity rather than a handful of billionaires.

Our class cannot realize its historical mission unless revolutionaries play their unique role of unshackling the human mind. In every instance revolutionaries bring the class interests to the fore; they bring a vision

of what's possible and inspire the people with the possibility of that future. Grounded in the thousands of everyday battles the chaos of transformation engenders, the revolutionary disseminates not only the vision but the means to achieve it. This must be planned out, conscious, and organized to be effective. The article "Politicizing on Narrow Fronts Key to Revolutionary Work" outlines the method of revolutionary work under the conditions of today, the decisive role of developing consciousness among our class, and discusses the need for an organization of revolutionaries to carry out this methodology.

Such an organization exists – The League of Revolutionaries for a New America. Join us. Contribute your energy and your understanding. Contribute to the process of changing the thinking of the American people and help make history.

*\*Quote from Walt Whitman's "Song for Myself"*

## Instability in Time of Epochal Change

"May you live in interesting times." Blessing or curse – or both? The instability and insecurity of the current historical moment is making all of society – the owners of its vast wealth as well as those who must work or starve – crave and grasp for whatever seems possible to bring things back into balance and stability.

The owners of wealth pursue changes in government, law and the State that will enable them to hold on to and increase what they have in the face of increased economic instability and the threat of social and politi-

cal challenge. Those who must work to live desperately hang on to what jobs they can get and hope for better times. At the same time, the process spawns revolutionaries who begin to see that another type of society, another economic system, is necessary. And not only necessary, but made possible by the very instability that surrounds them.

The epochal shift from the economic system of capitalism, with its production and distribution based on wage labor, to a system based on laborless production and electronics is at the root of the social and

political changes affecting individuals, organizations, institutions, governments – the world as a whole.

Consider the period 1700-1850. The static and ossified feudal system, based on agriculture, began to weaken and eventually crumbled in the face of new science being applied to production. Increased trade, cottage industry, manufacture and eventually the growth of capitalist enterprises and industrial production undermined the old stability and tore society apart. The forces of the new fought for the changes they

needed to move forward; the forces of the old fought to maintain the old way of life; each attempt to preserve stability contained the germs of its demise.

Masses were forced from the land into city slums, aristocrats sold their birthrights for consumption, a new class of owners of wealth arose. The Enlightenment, the Age of Reason, the "Declaration of the Rights of Man", Adam Smith, John Locke, Tom Paine, Hegel, Marx, the American and French Revolutions: all are reflections ***continued on page 5***

## EDITORIAL POLICY

**Rally:** to bring back together and put in a state of order, as retreating troops [to return to attack]

**Comrade:** a person with whom one is allied in a struggle or cause

*Rally, Comrades!* is the political paper of the League of Revolutionaries for a New America. In this period of growing motion and developing polarization, *Rally, Comrades!* provides a strategic outlook for the revolutionaries by indicating and illuminating the line of march of the revolutionary process. It presents a pole of scientific clarity, examines and analyzes the real problems of the revolutionary movement, and draws political conclusions for the tasks of revolutionaries at each stage of development in order to prepare for future stages. It is a vehicle to reach out and communicate with revolutionaries both within the League and outside of the League to engage them in debate and discussion and to provide a forum for these discussions. Articles represent the position and policies of the League of Revolutionaries for a New America.

Editor: Brooke Heagerty

Editorial Board: Cynthia Cuza, Nicholas McQuerrey, Nelson Peery, John Slaughter

**Reach us at: RALLY@LRNA.ORG**

## LRNA: What We Stand For

Tens of thousands of socially conscious people declare themselves revolutionaries in opposition to the degenerating social and economic conditions. The League's mission is to unite these scattered revolutionaries on the basis of the demands of the new class, to educate and win them over to the co operative, communist resolution of the problem.

The demands of this new impoverished class for food, housing, education, health care and an opportunity to contribute to society are summed up as the demand for a co-operative society. For the first time an objective communist economic class is forming to become the foundation for a communist political movement. A new fascist state form, the naked rule of corporate power, is arising to oppose this motion.

Society must take over these corporations or these corporations will take over society. The new class must have political power to achieve these goals. In the effort to achieve

this political power the League supports all political organizations and sections of society that fight against the growing poverty, social and ecological destruction, fascism and war.

Nothing can be accomplished until the American people hold a vision of where they want to go and what they want to be. Creating and imbuing them with such vision is the overriding task of revolutionaries and the foundation of our organization.

Destruction of the environment, the threat of nuclear war and the looming pandemics are calling the very existence of the human race into question. The battle is class struggle. The war is for the existence of humanity.

We in the League face the future with confidence. We call upon all revolutionaries to abandon sectarian differences, to unite around the practical demands of the new class and to secure that imperiled future.

# Public Banks and Class Politics

The 2008 world financial meltdown and Wall Street bank bailouts have put the nationalization of banks back on the political agenda in America for the first time in 100 years. There have been calls to nationalize failing Wall Street banks, form a government-owned national bank in their place, and even to organize state banks. From within the anti-foreclosure movement, one group has designated all homes foreclosed by bailed out banks as “public housing” suitable for occupation by people in need. Others have called for publicly owned land co-ops to free housing from the deadly grip of mortgages.

The foreclosure crisis is not improving and in fact is deepening daily. In March the number of “underwater” single-family homes – those with negative mortgage equity – increased to over 28%. The rates in Nevada, Florida, Michigan, Arizona, and California were all near or above 50%. Housing prices have entered a “double dip” and have now declined 29.5% since 2006, a steeper decline than took place in the Great Depression from 1928-33.

The movement has put forward numerous ideas to incrementally restrict or limit the banks: fines, new loan modification requirements, new regulations, breaking up big banks, making banks pay taxes, transaction taxes, etc. While it is important to support every effort to save anyone’s house, many of these proposals are insufficient and impractical. The “shadow banking system” has already made 1930s-style bank regulation impossible, and the banks have already effected “regulatory capture” of every agency ever established to rein them in, including the U.S. Congress itself.

No solution short of nationalization will be effective, but even that is problematic today. Illinois Senator Dick Durbin (Democrat) in an interview on radio station WJGG in April, 2009, rightly pointed out that the banks own the government. The demand to nationalize the banks, which is at the heart of the battle to end foreclosures, and many of the other battles we face as well, raises the essential question of class control of the government. Since what Durbin said is undoubtedly true, it means that the key question is not whether the banks should be nationalized, but what class controls the government and therefore in whose class interest nationalization takes place.

## SYSTEMATIC FAILURE

First of all, it is impossible to address the bank crisis without understanding that it is a symptom of underlying failure of the capitalist economic system. The global technological revolution has introduced automation into every sector of production in every country. By replacing human workers, it dramatically increases unemployment and reduces wages on a global scale. This weakens “effective demand” to the point

that it becomes impossible to circulate commodities with normal methods. Especially since 1997, this was offset by the extension of bank credit through spectacular speculative vehicles that allowed commodities to continue to flow, up to and including the notorious sub-prime housing bubble.

The high percentage of underwater homes and recent upturn in unemployment have combined to put the banks in an extremely fragile economic position. They hold trillions of dollars of loans whose notes are denominated in amounts much higher than the collateral supposed to secure them. Their political situation is even more volatile. From Florida to the Rust Belt, foreclosure resistance is escalating. Fifty Attorney Generals are still investigating bank fraud, and the banks are pushing

---

The key question is not whether the banks should be nationalized, but what class controls the government and therefore in whose class interest nationalization takes place.

---

Congress to enact laws to protect them from prosecution.

The fiscal crises at the state, local, and national levels are further eroding the political position of the banks. Many of them actually contribute to the deficits by paying few or no taxes. For example, as Senator Bernie Sanders told Congress in June, 2011, Bank of America had profits of \$4.4 billion and not only paid zero taxes last year, but received an IRS refund of \$1.9 billion. More importantly, the banks have access to wealth so enormous that it literally dwarfs the deficits at every level. Ellen Brown reports in Truthout.org, January 14, 2011, that the total budget deficits of all fifty states add up to an estimated \$140 billion in 2011. The Federal Reserve bailed out the banks with over 100 times that amount, nearly \$12.3 TRILLION in almost interest-free credit after the 2008 crash. Yet Federal Reserve chair Ben Bernanke has flatly refused to assist the states in any way.

## NATIONALIZATION FOR WHOM?

Working class revolutionaries have called for “centralization of credit in the hands of the state.” And bank nationalization proposals have been around for hundreds of years, made by representatives of widely diverse classes with very different interests. Many early American slaveholders fought for national banks in a bid to consolidate the power of the slaveocracy. Late nineteenth century American populists called for nationalization of the banks in the interests of farmers, small businesses, and workers – but were unsuccessful. In the

twentieth century, German and Italian fascists nationalized their banks to better serve their industrial cartels (“corporatism”).

The process of nationalization is further complicated by the fact that we are in an era already characterized by increasing merger of banks, industry, and the State.

The stage for this was set in America by establishment of the Federal Reserve System in 1913. William Greider, author of *Secrets of the Temple: How the Federal Reserve Runs the Country* calls the Fed “a unique marriage of public supervision and private interests, deliberately set apart from the elected government, though still part of it.” Its seven governors are appointed by the President for fourteen-year terms and subject to confirmation by the Senate. But they share power with twelve presidents of

and investment banks) who invest them in selected stock futures to prevent crashes. Other examples are the Exchange Stabilization Fund and the Counterparty Risk Management Policy Group (CRMPG) that also serve to stabilize various aspects of the financial system.

## PUBLIC BANKS FOR PUBLIC BENEFIT

For all these reasons it is not enough to simply demand nationalization of the banks. What is required is a call for public, government-owned banks run democratically by working people in the public interest. All those underwater homes mean there are still trillions of dollars worth of toxic assets locked inside the banking system. As the economic crisis deepens, further proposals for bailouts and nationalizations will inevitably pose the question of whose interests the banks (and the government) should serve. The answer is public banks for public benefit. As the banks crash, the time will be increasingly ripe for their replacement, and replacement of the entire Federal Reserve System with them.

However, contrary to the formulations of classical American populists and their modern-day followers, public banks are not the panacea or ultimate solution to the economic crisis. Only a fully cooperative economy can be the solution. But public banks are an indispensable, strategic step in the battle of democracy – the battle for working class ownership of all socially necessary means of production and distribution of the social product according to need.

Furthermore, public banks for public benefit cannot be won by zealous reformers winning over progressive legislators in policy debates. It can only be won by a broad process of politicization of the workers as a class. This will only be done by tying the demand for public banks to every struggle where people are fighting to save their homes from foreclosure, their housing from HUD cuts, and their schools, services, pensions, and unions from destruction in the state budget wars.

regional Federal Reserve Banks, who are essentially appointed by private commercial banks.

The Federal Reserve Act turned over Congress’s constitutional authority to create money to the 6000 private “member banks” in the Federal Reserve. The banks create money by what is called the “fractional reserve” system. Almost all US dollars are created not by printing currency, but rather by loans made by these banks. They do not generally make loans from funds actually on deposit, because experience has taught them that in normal times the depositors never all come to collect their deposits at the same time. Instead, the banks actually loan out several times the amount of the deposits they have on hand. They do not own or even hold this money: they create it out of thin air by making a bookkeeping entry, loan it out to others, and enrich themselves by collecting interest on funds they never even have in their possession.

The Fed regulates the overall money supply by buying government securities from private banks when it wants to expand the money supply, and selling them back when it wants to shrink it. The effect is to needlessly obligate taxpayers to go into debt (and pay onerous interest rates) every time it needs to expand the money supply.

The Federal Reserve itself was only the first step in the merger of banks and the State. Another example is the so-called Plunge Protection Team created by the Reagan administration in 1988. In order to stabilize markets. This team brings together major banks and government officials and funnels Treasury funds to “primary dealers” (favored Wall Street brokerage firms

# Historical Shifts and the Danger of War

The overwhelming aspect in the world situation today is the shifting of economic power from one area of the world to another. It is very difficult to select the essential element that shifts power from one country to another. We are not talking about shifting the power from one class to another. That involves social revolution and is easy to understand. Very often we have to go back in history and discover the levers of change to help us understand this kind of a question.

## SHIFTING ECONOMIC POWER IN WORLD HISTORY

One thing that stands out in world history is the fact that mighty nations, powerful nations, develop along trade routes. Whether you are considering ancient Egypt or the Middle East or the rise of China or the United States, they all became powerful as wealth production shifted from one sector of the world to another. We are seeing again a very dramatic shift of wealth creation, trading and a consequent shift of power from one area to another, from the West to the East.

This is not a short-term or easy process. We're talking about an entire portion of history. If we look back at the period of time when the Middle East was the center of wealth and culture we will see that it was the terminal of what was known as the "Silk Road," the trade route between China and the developing European market.

Why did it collapse suddenly? The invasion of America and the subsequent development of the slave trade, which was the most profitable enterprise in history, changed everything. The triangular trade route, with Western Europe as its hub, quickly changed world economics. Gold instead of land came to represent wealth, and the "rosy dawn of capitalism" ushered in an entirely new era.

The rise of Western Europe was very dramatic and entirely tied to the slave trade. The development of the textile industry was akin to the development of electronics today. A whole new world with cotton as its base came into being. Just as globalization "naturally" grew out of electronics, imperialism "naturally" grew out of the development of industry. The West was able to colonize the so-called backward world and maintain economic hegemony through economic dependency as well as military might.

World War II changed all that. The collapse of the British Empire shifted the balance of power from West Europe to America. Jubilant capitalists declared an American century based upon the reality of the world's dependence on U.S. food and industrial production.

U.S. imperialism is essentially financial, that is, investment rather than simply the expropriation of other people's natural resources. Financial imperialism's first task was to control the overthrow of the closed colonial system developed by Europe's im-

perialists. This was accomplished through 30 years of slaughter of the colonial liberation movement.

Just as earlier forms of imperialism created the conditions for its destruction, so we are seeing the logic of modern imperialism creating such conditions again.

As American imperialism tightened its grip in the former colonial and semi-colonial world, it increased its investments in these countries. Industry and its infrastructure were strengthened as these countries attempted to export their way out of the entanglement of debt to the financial oligarchy. Just as the indebted world admitted the failure of export economies, the electronic revolution changed everything.

World production for a world market became possible. The rapid growth of production in the enforced low wage areas and the lightning-like shifting of finance and speculative capital created conditions for demographic factors to assert themselves.

## CHINA AND U.S. GEO-STRATEGY

China, through its revolution, put an end to its "century of humiliation" and began the process of reclaiming its country. The rapid development of its industrial base along with a rapid expansion of its population placed China again in a central position in the world's fastest growing market.

Let us look at the demographics. Asia, with an overall 30% of the world's land-mass, holds 60% of the world's population. During the 20th century the Asian population quadrupled. There are 731 million people in Latin America and the Caribbean with one billion in Africa. Clearly, it would only be a matter of time before these relatively backward nations were pulled into the effects of international trade and commerce and then begin the process of struggling for their independence and finally dominance of their areas.

Change involves destruction – it has always been a violent process. As the shifting of world power accelerates, so does the danger associated with change. Henry Kissinger's statement made in a CNN interview this year with Fareed Zakaria that with "China's increasing power and economic security, dealing with the Communist nation poses a 'big challenge' for the United States," is a case in point.

"There are elements in China who, particularly after the financial crisis, feel that there has been a fundamental shift in the balance of power and that the international conduct of China and the results of its conduct should reflect this," he stated. American has been dominant in the last 50 years – China has been dominant in 1,800 of the last 2,000 years.

"America is entering a world in which we are neither dominant nor can we withdraw, but we are still the most powerful country. How to conduct ourselves in such a world? China is the most closely approximate country in terms of power. And

one with such a complex history. It is a big challenge."

This is diplomatic talk covering preparation for war. China is concerned with America's steady progress in encircling China with military outposts. A military post today is a squad of specialists who are trained in the destruction of space platforms and the triangulation that guarantees the accuracy of rockets.

The Chinese are well aware of these dangers and are discussing the situation. The U.S. arms deal with Taiwan last year is understood to be a key part of the U.S. strategy to encircle China and the East region, allowing the US to have a footprint from Japan to the Republic of Korea to Taiwan.

In an article published in January, 2011, the renowned military strategist, Air force colonel Dai Xu, summarized the U.S. geo-strategy and its impact on China's interests. "China is in a crescent-shaped ring of encirclement," he wrote. "The ring begins in Japan, stretches through nations in the South China Sea to India, and ends in Afghanistan. Washington's deployment of anti-missile systems around China's periphery forms a crescent-shaped encirclement."

Ni Lexiong, an expert on military affairs with the Shanghai Institute of Political Science and Law, told the *Guangzhou Daily* in February of this year, "The U.S. anti-missile system in China's neighborhood is a replica of its strategy in Eastern Europe against Russia. The Obama administration began to plan for such a system around China after its project in Eastern Europe got suspended."

Tang Xiaosong, Director of the Center of International Security and Strategy Studies with Guangdong University of Foreign Studies, said that the encirclement can be expanded at any time in other directions to India or to other Southeast Asian countries. The U.S. efforts to sell these countries the Patriot Advanced Capability (PAC)-3 missile defense system is one indication of this. This, of course, is being closely watched, as any "integration of India into the U.S. global missile defense system, would profoundly affect China's security." ("China Cirled by Chain of U.S. Anti-Missile Systems," *China Daily*, February 22, 2011)

We should note that both the U.S. and China have a first strike nuclear doctrine. In other words, the slightest miscalculation on either side could launch the rockets. A new world order is emerging, and we should expect world relations to become even more volatile, with all the social and political consequences for us as revolutionaries in this country.

## MILITARIZATION OF U.S. ECONOMY AND SOCIETY

It is not possible to speak of the militarization of American society and its economy without keeping uppermost in our minds what this economy is. Wikipedia gives us a brief synopsis:

"The economy of the United States is

the world's largest national economy. Its nominal GDP was estimated to be nearly \$14.7 trillion in 2010, approximately a quarter of nominal global GDP. Its GDP purchasing power parity was also the largest in the world, approximately a fifth of global GDP at purchasing power parity. The U.S. economy also maintains a very high level of output per capita. In 2009, it was estimated to have a per capita GDP (PPP) of \$46,381, the 6th highest in the world. The U.S. is the largest trading nation in the world. Its two largest trading partners as of 2010 are China and Mexico."

It is difficult to sort out various aspects of the economy since the so-called military industrial complex has existed since WWI and is entangled with every aspect of our economic and social life. The militarization of the economy is summed up in these few statistics:

In the past nine years, non-industrial production in the U.S. has declined by some 19 percent. It took about four years for manufacturing to return to levels seen before the 2001 recession – and all those gains were wiped out in the current recession. By contrast, military manufacturing is now 123 percent greater than it was in 2000 – it has more than doubled while the rest of the manufacturing sector has been shrinking.

As for the ongoing militarization of American society – rather than paraphrase, it is worth quoting a section of Michael Sherry's book, *In the Shadow of War: The United States since the 1930s*:

"Though the United States never completely demobilized following World War I, and standing forces were maintained to a greater extent in the years that followed it, World War II was the driving force that utterly changed this historical pattern of general neglect of the military. During the Second World War, the United States underwent total mobilization of all available national resources to fight and win, alongside her allies, a total war against Nazi Germany and Imperial Japan, a mobilization of resources far greater than that which took place during the entire previous history of the United States."

In 1977, after the Vietnam war and the Watergate crisis, President Jimmy Carter began his presidency, Sherry writes, with "a determination to break from America's militarized past." However, increased defense spending in the era of President Ronald Reagan brought the military-industrial complex back into prominence.

As for the militarization of American society – the economy and the society are joined. In his 2005 review of Andrew J. Bacevich's *The New American Militarism: How Americans are Seduced by War*, Tony Judt puts it well.

The United States, Judt writes, is becoming "not just a militarized state but a military society: a country where armed power is the measure of national greatness, and war, or planning for war, is the exem-

**continued on page 6**

# Arab Uprisings and Global Capitalism

*Editors' note: The following article by a Middle East analyst in the LRNA is based on travel in the region, and interviews with those who were active in the Egyptian uprising.*

The Arab world and the Middle East generally have played a critical role in U.S. strategy for global domination. This fact alone could explain why the U.S. has invaded Afghanistan and Iraq and why it has supported the exclusivist state of Israel and the Zionist movement worldwide. It also explains U.S. intervention, both diplomatic and/or military, in Somalia, Ethiopia, the Congo, West Africa and, more recently, Libya.

The current upheaval sweeping the Arab world is unprecedented in the history of the region. It is taking place in a particular international context in which the galloping revolutionary process is overtaking regional and international powers that are working feverishly to contain the forces of change.

The recent global financial and economic crisis is a consequence of a long-run trend of decline in the standard of living of workers in the US and Europe (not to mention Australia, New Zealand and Japan), brought about by the steady introduction of electronic technology into the economy and increasing poverty in the rest of the world, including emerging China. As globalization has generalized the impact of this new technology, the world has been pushed to the breaking point. Africa, for instance, is in social, political and economic chaos. The Congo, Nigeria, South Africa, Egypt, the

Sudan and Somalia are but examples.

Resistance to the U.S. imperial project with its strategic goal of maintaining and enhancing its dominance over the global political economy constitutes a main feature of the uprisings in the Middle East.

## RECENT DEVELOPMENTS IN THE MIDDLE EAST

The relationship between dictatorships in the respective Arab countries and U.S. imperial dominance of the global economy has not been lost on the youth, protesting in the streets of the Arab world. The infamous history of U.S. diplomacy, military interventions and invasions, and economic policies in the region requires no elaboration for the Arab masses. The ongoing uprisings are part of the struggles of the Arabs to put an end to those imperial practices.

The more intense, widespread and numerous the uprisings, the more of a problem they present to the U.S. imperial project that is trying its best to defeat them with every means at its disposal. The uprisings have spread from Algeria to Tunisia and Egypt and from Yemen to Jordan and Bahrain, then on to Libya, Morocco and Syria, so that scarcely any Arab regime has been immune to them. Coupled with instability, war and occupation in Iraq, Syria, Lebanon, and Kuwait, not to mention the chronic occupation in Palestine, the uprisings clearly demonstrate not only the escalating fight against the domination of the U.S., but also the tenacity of the U.S. in holding on to its strategic position in the region.

Among those uprisings, the Libyan and

Syrian require somewhat different observation from the rest: the Libyan, because of the NATO intervention and the reactionary leadership of the anti-Qaddafi rebels; the Syrian, because of U.S., Western European and Arab and other regional states that have succeeded in large measure to ride the wave of anti-regime protests and to deflect them for their own goals.

## MAIN FEATURES OF THE ARAB UPRISINGS

The situation in the region is chaotic and in flux, as recent events in Egypt clearly demonstrate. The take over of the Israeli Embassy by demonstrators in Cairo is but one example. While the U.S. is banking on the Egyptian Supreme Military Council and having dialogue with the Muslim Brothers, other political forces have moved to maintain the secular character of the uprising and demand political and economic reforms that would guarantee the interests of the majority of the Egyptian masses.

Demands for political and economic reforms in the uprisings remind us of the major role played by the working classes of Tunisia, Egypt and Bahrain in preparation for the uprisings. Egypt, again, provides a clear example. Workers in the main industrial centers had begun demonstrating against the Mubarak regime since at least 2007. The largest of those was on April 6, 2008, when 26,000 workers in one industrial complex went on strike. This event gave rise to the April Sixth youth movement that had subsequently played a significant role in Thawrat 25 yanayer [Revolution of

25th January] as it is referred to in Egypt. Subsequent to the April strike, scores of other strikes had taken place, which by the beginning of the uprising had significantly contributed to giving the uprising a secular character and consolidated the political and economic demands of the uprisings.

A main weakness of all the uprisings is that they have suffered from a lack of strategic unity. It would be hard to achieve unity under the situations faced with the uprisings, especially in Tunisia and Egypt. The large and well-organized Islamist coalitions in both countries have no strategic unity with any of the other forces on the ground, except in the case of the Muslim Brothers in Egypt, where these coalitions are tactically allied with neoliberal forces, including forces of the old regime.

New political forces have emerged, especially in Egypt. They have been leading the demonstrations and rallies in the face of those internal and external forces conspiring to maintain a neoliberal regime at peace with the state of Israel, but without Mubarak.

The crisis of global capitalism has engendered resistance and instability across the globe. We are entering a dangerous stage characterized by popular struggles confronting state and imperial powers. Regardless of the outcome, the global capitalist crisis makes it impossible to solve deep-seated problems such as unemployment and poverty that have propelled the Arab uprisings in the first place.

## Instability in Time of Epochal Change *continued from page 2*

of society becoming aware of the basic changes taking place in society and fighting out the results.

Consider American slavery and the Civil War. In spite of the protests of the abolitionists, the Constitution of 1787 welded free and slave states together in an alliance that reflected a temporary stability, but one fraught with conflict. As economic changes, the growth of northern industry, and westward expansion undermined the attempts to preserve unity, the compromise became more and more unstable.

The abolitionist movement grew in the 1830s and men and women fought out the battle over slavery in art, literature, newspapers, churches, organizations, Congress – and with weapons in bloody Kansas and Harpers Ferry. After centuries of slaves' suffering and resistance, after a century of abolitionist advocacy, what made the end of slavery finally possible was the breaking of the ties, however unstable, that held slave- and free-states together. The instability of the system itself opened the door for revolutionary change.

Today's epochal changes are reflected in countless ways in the thoughts and understandings of the individual participants. People perceive and experience the features of an economic crisis in myriad ways. Multi-million dollar bonuses, tax cuts and bailouts inadequately comfort a capitalist class faced with volatile markets, threats of inflation, international competition and collapse. How will the system survive when market methods of distribution conflict with robotic production? The working class faces the lack of decent-paying jobs, foreclosure and homelessness, inadequate health care, decimation of public education and social services and the destruction of their cities and towns in the US, and famine and destitution around the world.

With economic, social and political power, the capitalist class is struggling over the process of making the changes in society and government that will shore up their ability to make a profit and their increasingly unstable control. Ironically, each attempt to institute stability introduces further instability into the system. Govern-

ment bailouts encourage risk and anger the populace. Printing money stimulates the economy (although less than hoped) but risks inflation. Wars send a message of power and support the military-industrial complex, but foster instability at home and abroad.

We are entering into a revolutionary period, a period in which one economic foundation of society is crumbling and another is struggling to be born. As the new economic basis emerges, changes in the superstructure begin to form on that new basis – even as elements in society struggle to preserve or go back to what once was. We can see the outlines of the new possibilities before us.

One possibility is reflected in the narrow unity of corporations and the government in which society is ruled by and for the property owners with limited or no democratic participation and force and violence become the primary methods of control. Though they may be forced to move in this direction to protect private property, the owning class can guarantee themselves little

security in such an inherently unstable and fascist State form.

The other possibility is, as yet, a dream in the minds of most: the abundance of the world used to guarantee a decent life for all. Yet, objectively, in a world where electronics and robots produce, there is no other way for humanity to survive.

Revolutionaries are committed to making this dream a reality, to agitating and propagandizing among all those fighting for a decent life to bring the understanding that will guide the way to that change. Like the dreamers of the 18th century who imagined human beings governing themselves, and like the abolitionists who had a vision of a world without slavery, we are entering an "interesting time." Such times of instability are those in which dramatic and fundamental social change is not only necessary, but possible.

*(This Building Block article on the Leap is the third in a series of four. The focus of the final article will be on the quantitative aspects of the Leap.)*

# Dig Deep into the Struggle, Spread Vision of a New Society

This historical moment is producing tens of thousands of revolutionaries. They are people from all walks of life who have a growing understanding that the economic system is responsible for the suffering of these times, and a recognition that their struggle is to end a system that has nothing more to offer humanity. The mission of the League of Revolutionaries for a New America is to unite these scattered revolutionaries on the basis of the demands of the new class, to educate and win them over to the cooperative, communist resolution of the problem.

Today's revolutionaries are born not of the sectarian battles of the bygone epoch, but of the actual antagonisms now ripping society apart. They are among those hit by the factory and public-worker layoffs, foreclosures, and broad dispossession sweeping previously secure sections of the working class. They are the thinkers, those who awaken first and want to know the meaning of the battles they face and the path to their resolution.

## NEW ERA, NEW POSSIBILITIES

A serious organization of conscious revolutionaries can only connect with these revolutionaries who have developed out of the practical struggle if its cadre disperse to the narrow fronts where these revolutionaries are rooted in struggle.

This effort has to take into account the fact that what was possible in the long period of capitalist development – winning reforms that benefited both capitalists and workers – is no longer possible. The foundation for politics, the struggle for power, has changed. Capitalism, defined by the exploitation of labor, has reached its limit as electronic technology replaces jobs and workers across the board. Society based on the circulation of goods to workers paid to produce them is in the process of destruction. The economic crisis is one from which the capitalist system cannot recover. Therefore, no step forward in addressing the needs and demands of the practical movement is possible – except those that address its actual cause.

The problems of society today are

rooted in this antagonism to the system. Conditions exist for restructuring society on a new basis with new means of production owned in common and everyone's needs provided for. We are passing into a new era. It is now possible to infuse an objectively revolutionary movement with revolutionary consciousness.

## METHOD OF REVOLUTIONARY WORK

In this endeavor, it is important to remember that there is a difference between the scientific abstractions that guide the conscious revolutionaries and the specific perceptions that draw people into motion and inquiry. Conscious revolutionaries tie the two together along a principled line that leads from the perception of a problem to an understanding of the cause and the solution. Conscious revolutionaries agitate and propagandize along this line to connect what people understand – and are beginning to fight for – with a vision of the solution to society's problems.

We are not talking about a watered-down description of the objective problem and long-range solution, nor is it a "minimum demand." It is a question of introducing a germ of consciousness of the ultimate political solution – a quantity of the new quality – into the programmatic contention over the immediate demands of the movement. This is not determined arbitrarily. It depends on identifying that step of the movement that is in line with the struggle for qualitative change.

The objective situation points to where that line lies. It is, today, shaped by the action of the government – the various forms and degrees of nationalization and other government intervention in the economy in the interests of the capitalist class. It is shaped by the massive budget cuts that not only assault public workers but, through the attacks on them, aim to destroy entire sections of the social superstructure and to align the political superstructure to the needs of capital.

This process is waking up people on diverse fronts and drawing them into struggle. The developing contention is over whose interest government should serve. It

is a bridge between what people understand and are beginning to fight for today, and the larger understanding that the struggle is ultimately to build a communal economy, and that what's needed is the political power to reorganize society along those lines.

Agitation and propaganda along this line allows revolutionaries to bring the vision of the new society and an understanding of the tasks ahead into the struggles against the capitalist system.

Collectives of revolutionaries on specific fronts of struggle identify the lines along which to connect with the thinking of people to develop their consciousness. Revolutionaries on narrow fronts of the actual struggle can connect with the practical movement to develop propaganda that articulates the next steps for the movement – and why. This programmatic agitation and propaganda expresses a seamless continuity.

Today there can be no separation between revolutionaries' work in the practical movement and their responsibility for revolutionary propaganda. There is a dialectical relation between agitation and propaganda. Neither can be done without the other. Revolutionary work within the movement develops consciousness through the continuity, in content, of these two sides of the dialectic.

Agitation means nothing without the direction expressed in propaganda. Propaganda can speak to the cause and resolution on specific fronts by addressing the overall situation and the specific forms of the actual confrontation with private property and the State.

## DISPERSE DEEP INTO THE STRUGGLE

On specific fronts where there is actual struggle, conscious revolutionaries connect with revolutionaries emerging in the practical movement to develop committees and carry out revolutionary work. They work to build committees of revolutionaries on those fronts as nerve centers of collectivity and decision-making for revolutionary propaganda and agitation. Revolutionaries with deep roots and extensive connections on a front can master the specifics on that front and assess the consciousness there.

They unite with emerging revolutionaries in the practical movement looking for clarity and strategic perspective.

As battles on specific fronts start to shape the national political discourse, collectives on specific fronts can equip the organization as a whole to propagandize effectively. In the League of Revolutionaries for a New America, this committee system is guided by a General Secretariat. This committee and Secretariat system allows for the experience and intelligence of those fighting at the front to be united with the political centralism of the League's unifying vision, analysis, and doctrine.

The revolutionary cadre at the front proceed from this overall analysis, tasks, and mission; they are responsible to master the particularities on their specific front of struggle. As the situation intensifies, revolutionaries can identify ever-more specific and narrow fronts of struggle on which to propagandize and politicize. The deeper that the revolutionaries are immersed inside the practical struggle, the further that their revolutionary propaganda can reach – and the more concrete it can be.

The narrowness of the fronts where conscious revolutionaries connect with revolutionaries from the practical movement reflects the scattered nature of the social motion at this stage – but it is on these narrow fronts that revolutionaries can carry out the broadest propaganda.

Every day, the terrible gravity of the current situation produces new revolutionaries with a passion for social change. To all serious revolutionaries who recognize the extraordinary danger of the time we are living in and feels a moral obligation to contribute their maximum to the struggle, we make an urgent request and extend a sincere invitation.

Join the League of Revolutionaries for a New America. Contribute your energy – and your understanding. Help build this system of committees on narrow fronts of struggle. Become part of the effort to create a dynamic organization of revolutionaries. Contribute to the process of changing the thinking of the American people, and in that way, help make history.

## Historical Shifts and the Danger of War *continued from page 4*

plary (and only) common project.”

“...Why does the US Department of Defense currently maintain 725 official US military bases outside the country and 969 at home (not to mention numerous secret bases)? Why does the US spend more on defense than all the rest of the world put together? After all, it has no present or likely enemies of the kind who could be intimidated or defeated by star wars missile defense or bunker-busting “nukes.” And yet this country is obsessed with war: rumors of war, images of war, “preemptive” war, “preventive” war, “surgical” war, “prophylactic”

war, “permanent” war.

“... Among democracies, only in America do soldiers and other uniformed servicemen figure ubiquitously in political photo ops and popular movies. Only in America do civilians eagerly buy expensive military service vehicles for suburban shopping runs. In a country no longer supreme in most other fields of human endeavor, war and warriors have become the last, enduring symbols of American dominance and the American way of life.

“But Bacevich's deepest concern lies closer to home”, Judt writes. “In a

militarized society the range of acceptable opinion inevitably shrinks. No nation, as James Madison wrote in 1795 and Bacevich recalls approvingly, can ‘preserve its freedom in the midst of continual warfare. Full-spectrum dominance’ begins as a Pentagon cliché and ends as an executive project.” (“The New World Order”, *NYT Review of Books*, July 14, 2005)

The chilling reality is summed up in the fact that Chicago has three military elementary schools.

This militarization of society could not take place without an unending propaganda

campaign. Every day the TV spends hours convincing the people that it is glorious to be severely wounded. The government, the military, the educational system, the media and industry have become a machine of unending war and a militarized society to support it. This is the face of American fascism and describes the difficult task that lies before us.

*Political Report of the LRNA Standing Committee, July 2011*