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**Theoretical Organ of the New**

### *From the Editor's Desk*

The past few months in Sri Lanka have been amid a political crisis resulting from a power struggle between the two centres of state power, namely the executive presidency and the parliamentary government. The move by President Kumaratunga on 4<sup>th</sup> November to prorogue Parliament for two weeks and dismiss the ministers of Defence, Home Affairs and Information and Broadcasting and take charge of the ministries surprised many political observers. Government concerns about the outcome were soothed by a show of strength by the UNP, which on 7th November organised a massive welcome to Premier Wickramasinghe returning from the latest of his visits to the US and a meeting with President George Bush. That seemed to restore the political balance in favour of the Premier for the time

The President's reason for exercising the power she derived from the constitution, put in place 25 years ago by the UNP, in the cynical way she did was that the government had mishandled the peace process and allowed the LTTE to gain the upper hand and pose a serious threat to the security of the country. Several of her charges against the government are neither new and nor well substantiated. On the other hand, the timing of her move made her intentions suspect, since it was just two weeks after the LTTE presented its alternative proposals for an interim administration in the North-East.

Given the hostility of the President (and her party, the PA) to the LTTE proposals even before they were made public and the harsh words that she had for the head of the Norwegian monitoring mission in earlier weeks, her move was inevitably seen by many Tamils to be designed to wreck the peace process. However, what is more interesting is that the threats by the UNP to go for fresh elections and to vote down the budget allocations for the three ministries under the President did not materialise. The Premier's only significant move was to declare that he couldn't carry forward the peace negotiations any further with the Ministry of Defence taken away and his authority undermined by the President.

Moves said to be afoot to reconcile the differences between the President and the Premier and to explore the possibility of a National Government have not materialised and seem unlikely to do. Meantime, the PA leadership finally hammered out a deal with the chauvinistic JVP for an electoral alliance, which is still in the balance owing to resistance from the membership of the PA. While the Punch and Judy show between the President and the Premier stole the headlines in the mainstream media, the Tamil's had their fair share of entertainment from the TULF, the biggest Tamil political party. Struggle for domination of the party led to moves to dismiss its President, V Anandasangari, and the fracas outside the party office in Colombo was a revelation to the Tamil public.

The LTTE as well as the leaders of the armed forces have attributed to a 'third force' the outbreak of Tamil-Muslim hostility in the parts of the East, which have always had harmony between the communities. Sadly, Tamil and Muslim MPs seem to contribute negatively to the peaceful resolution of the issues. The tendency for each nationalist politician to pose as the champion of his community by refusing to see reason on the part of the other's community is not unusual. The crisis has been further aggravated by the splits in the Sri Lanka Muslim Congress and the emergence of fresh rivals, each striving to drive a deeper wedge than the other between the communities to pose as the true defender of the Muslim community.

What is interesting is that all references to the third force meticulously avoid even a hint at who the third force could be. There has been much suspicion about India's role in disrupting peace in the East. The recent warming up of the JVP and the Sihala Urumaya (of late, staunch defenders of the Muslims who were their main target just an year ago) who are hostile to the peace process to India and the hostility of the Indian Brahminist media towards the LTTE and now the peace process itself have contributed to this suspicion. Added to it are the frequent visits to India by the beleaguered leader Sri Lanka Muslim Congress in recent months and just after the drafting the SLMC proposals for autonomy for Muslims in the North-East to be placed before the government and the LTTE for consideration during

peace negotiations. It is therefore important, in everybody's interest, that the 'third force' is identified.

As much as there are concerns that the PA is encouraging India to wreck the peace process, there also concerns that influential forces in the UNP are harming the peace process by trying to subject the LTTE to American pressure through personalities such as Richard Armitage, who has earned the distinction of being hostile to the aspirations of the Tamil people. Thus, the peace process is now a shambles, not for lack of popular craving for peace, not for lack of pressing economic reasons to pursue peace, not for the impact of forces of mischief, but for lack of will of the chauvinistic UNP leadership to champion the cause of peace with honour and justice as much as the cynicism of the PA in using the national question for short-term political gains.

The Tamil people now wonder whether the President has done the Premier a favour by giving him just the excuse that he needed when he was struggling to respond to the concrete proposals placed before him by the LTTE, which comprise the only concrete set of proposals on the subject. They could not only be the basis to discuss the proposed interim administration but also be the platform on which further negotiations could be carried forward.

The New Democratic Party has warned of the impending danger of a return to war and asked the Premier and President to carry forward the peace negotiations on the basis of the proposals put forward by the LTTE. The democratic and progressive forces of Sri Lanka should strengthen the demand for activating the peace process so that the pretext of petty quarrels between the two centres of state power do not cost the country its long overdue peace.

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In this issue of *New Democracy*, we include three important articles, one by the General Secretary of the NDP clarifying the Marxist Leninist position on the national question, a contributed article by Dr Peter Custers from the Netherlands analysing the economic motives for US military invasion of Iraq and an article by Professor Sivasegaram on the relevance of Mao Zedong's talks at the Yennan Forum on Art and Literature to the development of People's art and literature.

Readers' comments are welcome on all items appearing in the *New Democracy*.

## **The National Question and the Marxist Leninist Position**

**SK Senthivel**

*General Secretary, New Democratic Party*

On a global scale, we see that the national question in many Third World countries continues to take the form of severe ethnic conflicts and civil war. These are countries with semi-colonial, semi-feudal social structures that are supposed to have been liberated from the grip of colonialism and imperialism to gain independence within the past fifty years or so. While, on the one hand, their national aspirations including a national economy have been thrust forward, on the other hand, the dominant forces of the ruling classes have nurtured the national question in a way that national contradictions got transformed into national conflict. Under these conditions, the forces of imperialism have used the national question to implement their schemes for making the countries into neo-colonies. We can see that their schemes are inextricably linked with today's imperialist globalisation.

Thus, when we speak of the national question, we cannot approach it in a superficial and detached manner or on the basis of subjective desire and ignoring objective reality. The breadth and the depth of the national question has to be identified through the historical circumstances in which the seeds of the national question were sown and nurtured before as well as after the time of so-called independence. It is here that the Marxist Leninist approach of seeing historical development through class struggle becomes necessary. It is only through that the true essence of the problem could be identified. It is through that the part played in history by the nationalities and classes, their relationships and contradictions could be understood. The aim of the Marxist Leninist approach is to identify how the dominant local ruling classes and the forces of imperialism that together preserve their interests have enabled the national question to reach a state of hostility in the respective

countries and identify the class nature of the forces that have brought it to the present state of war.

It is necessary to recognise through the above the essence of the national question and its current state of war. Here, the national question has gone beyond the state of contradiction and conflict of nationalities and grown into something that determines the future of a small country called Sri Lanka. Hence, Marxist Leninists assert that the national question, is the main contradiction of today, which has reached the heights of hostility and found expression as a cruel civil war, and emphasise the importance of resolving it. There is no dispute among Marxist Leninists that the fundamental contradiction of the country is the class contradiction. But, the Marxist Leninist view also recognises that the national contradiction has overtaken the fundamental contradiction to come to the fore as the main contradiction and also the forces of class contained within it.

If we examine the historical development of the national question in Sri Lanka, we would recognise the superficiality of the claim by some parliamentarians that the problem was developed over the past half century to serve the interests of political rivalry. While it is true that the national question has been used for securing and sustaining parliamentary political power, what is fundamental is that certain class forces have nurtured the problem to serve the advancement, survival and future of their own class.

When we view it from that perspective, we could see that measures have been taken from as early as the beginning of the century that passed to create hostility between nationalities and to make it serve certain class interests. That poisonous seeds of sectarianism had been sown here and there on the basis of race among the Sinhalese, who are now said to comprise three-quarter of the population, was not obviously recognisable. Views such as “We are the majority”, “This country is ours”, “Our Buddhist religion is sacred and it is our responsibility to nurture and defend it”, and “Our culture has to be preserved” began to be voiced from the south of the country. While these were views were anti-colonialist, it should be recognised that they also embodied the elements on whose basis chauvinist arrogance subsequently emerged.

Those who put forward these views were the up and coming classes such as traders and small estate owners among the Sinhalese. Some belonged to the feudal elite among the Sinhalese. They seemed to be the forces of an emergent capitalist class, which, rather than oppose colonialism, collaborated with the colonialists to preserve its self-interest. It was because of the inherent nature of business rivalry that these forces directed communal violence against Muslims in 1915. The anti-Muslim riots mark the first national confrontation in Sri Lanka. The accompanying climate of violence was taken advantage of by the colonial masters, who also used it as an exercise in their strategy of 'divide and rule'. At the time, the leaders of the Tamil elite linked hands with those of the Sinhala elite in an expression of their elitism rather than on the basis of analysis with far sight the development of this anti-colonialism and how it would deal with people with other religious, linguistic and national identities. Their upper class thinking would not allow room for that.

However, the very same feudal Sinhala elite opposed and frustrated, entirely on communal grounds, the plea for Tamil representation in the Western Province. Thus, the Sinhala, Tamil and Muslim elite made their requests and pleas to the colonial masters for positions of power without antagonising the colonial masters and by fully submitting to them. It is significant that the anti-imperialist mass movements and struggles demanding complete independence for Sri Lanka surfaced only with the emergence of the left movement in the 1930's. Meanwhile, forces from among the Sinhala, Tamil and Muslim elite collaborated with the colonial masters to prevent the above trends from developing into a struggle like that of the Indian independence struggle. In return for this, the colonial masters transferred power with confidence to them.

Thus, sectarianism was an inalienable aspect of the limited political reforms and economic development activities carried out under colonial rule. The sectarian positions were such that, in the long run, they ensured that the Tamil and Sinhala speaking masses who should have united on the basis of class would remain divided with enduring hostility. Specifically, planned colonisation of Sinhalese was carried out in the North and East, and chauvinistic

practices were adopted in the utilisation of land and water resources. What the Marxist Leninists see here is the affirmation of long-term class interests of the elite in the pretext of chauvinism. The recommendations of the Lands Commission of 1938 and its practices were based on a long-term chauvinist view. One cannot miss the grave ethnic conflicts in these settlements and the consequent antagonism between the Sinhala, Tamil and Muslim people leading to divisions that stood in the way of unity between class forces.

Thus, the basis for the disenfranchisement of the Hill Country Tamil working class of Indian origin has to be viewed from the standpoint of class. Again, while the enactment of the law making Sinhala the sole official language in 1956 had a chauvinistic motive, its basis was the need to divert the attention of the Sinhala masses away from class-based issues. We can observe that, to this day, the leaders of the Tamil elite have not only exploited it to fulfil their parliamentary political ambitions but also campaigned to prevent the ordinary Tamil masses from uniting with their counterparts among the Sinhalese.

Further, the Constitution of 1972 and the one that followed it in 1978 served to marginalize the Tamil nationality and other minority nationalities. However, the fact that these constitutions were designed to oppress the working people of all nationalities on a class basis is what needs to be noted from a class stand that transcends the nationalist approach.

Over the past century, the national question in Sri Lanka has, at every stage, been developed on the basis of majority and minority on an ethnic basis. What many fail to see is that it was the class approach that was at the core of that development. Anyone failing to recognise the central feature that all the ruling class forces that advanced the cause of Sinhala Buddhist chauvinism have been the representatives of the ruling classes with a Sinhala feudal-capitalist lineage cannot recognise the class relationships inherent in the national question.

The class content that remains the essence of the national question could be understood only through an analysis of the objective realities of the Sri Lankan social structure. It is not possible



to appreciate the national and class aspects of the national question by limiting ourselves to the current political framework, the executive powers of parliament within that framework, and legislation. Again, it is not possible for one to see the national question in its entirety when one's political existence is based on parliamentary political power, parliamentary seats and the ruling class interests served through them. Thus, it is necessary for us to examine in depth how chauvinistic oppression in Sri Lanka is intertwined with the development of class forces in the country and the endurance of their political power.

This view makes it necessary to take a close look at the respective class roles played by the comprador bourgeois UNP and the national bourgeois SLFP to transform the national contradiction into a hostile contradiction and developing it further. The two decades long war was the consequence of these two parties pushing nationalism towards a state of chauvinistic military oppression. At the same time, chauvinism has become institutionalised in combination with the fundamentalist thinking and actions linked to the protection of Sinhala Buddhism in this country. Religious and nationalistic fundamentalist claims such as "This country is ours", "We have no other country" and "Buddhism has to be protected" have been carried forward by both major parties as well as Sinhala Buddhist organisations. More recently, we see a tendency for organisations such as the Sinhala Urumaya and the JVP to advocate extreme nationalism with the blessings of Hindutva fundamentalism. Thus, we observe a tendency for Sinhala Buddhist chauvinist ideology to come to the fore at all levels. Besides, the way in which foreign forces of imperialism have thus far taken advantage of such chauvinistic oppression and its consequences and the new ways in which they are preparing to put them to use in future need to be studied closely.

Here, it should be noted that the traditional leftists, who in the 1960's had failed to expose the ruling elite class features of the class forces associated with the chauvinistic ideology that was nurtured among the Sinhala masses, have since become degenerates. As a result of their interest in safeguarding their parliamentary seats and

the good things that went with office, they kept silent in the face of chauvinism and, eventually, compromised and submitted to it. Whenever they had to oppose the UNP to secure their parliamentary seats, they did not hesitate to use chauvinism as a weapon. However, it should be conceded that they did not go as far as the JVP has to take up extreme chauvinistic positions. Nevertheless, the position taken by them in the national question remains a parliamentary leftist position as opposed to a Marxist Leninist position. It is one that is more degenerate than that of social democracy. We could see their pathetic situation in finding the cause for the intensification of the national contradiction in the mine attack on the army by the LTTE in Thirunelveli, Jaffna on 23<sup>rd</sup> July 1983 rather than in the beginnings of the chauvinistic military oppression. Thus, even today, people who argue that the national question was transformed into an ethnic war because a section of the Tamils wanted a separate state are able to call themselves leftists.

A Marxist Leninist cannot ignore the historical events where the Tamils of the North-East have been subject to military oppression in their homeland to put forward dogmatic class-based explanations. At the same time, they cannot dismiss lightly the class characteristics of the reactionary stand taken by the traditional Tamil leadership on the national question. These leaders emphasised the rights of the Tamils only to the extent that it suited their upper class elitist position. They have never put forward the interests of the Tamil workers, peasants, the depressed community or women. On many occasions they have upheld their class solidarity with the chauvinistic UNP. In the same spirit they embraced the forces of imperialism and regional hegemony in the belief that they were their allies.

Even after Tamil nationalism assumed the form of armed struggle, the armed Tamil youth movements failed to recognise the class nature of chauvinistic oppression and the close links that it had with imperialism. That situation continues to this day. How clear the LTTE is about the extent to which imperialism or regional hegemony would accommodate the struggle for the right to self-determination remains uncertain. It is here that the question, “Who are our friends and who are our enemies?” arises.

The fundamental reason for this plight is the adoption of nationalism as a concept transcending class. Nationalism restricts itself to certain bounds in opposing chauvinistic oppression. Thus, no nationalism transcends class, beyond a point. It should, then, either unite with the workers, peasants, depressed communities and women and go forward with the Sinhala masses as its allies; or join hands with the upper class elite among the Tamils, embrace the imperialists and compromise with the Sinhala big bourgeoisie. Thus, Tamil nationalism has arrived at a junction and at a moment, where and when it has to decide which path it would take. Without an appropriate strategy, it is not possible to carry forward the struggle for self-determination.

We, the Marxist Leninists, have taken a clear stand on the national question. We have, through historically identifying the development of chauvinism and the cruelty of its military oppression, clarified that the main contradiction in Sri Lanka today is the national contradiction. At the same time, we have made it clear that the fundamental contradiction is that between the feudal-capitalist-imperialist forces on the one hand and the people on the other. It is remarkable that the Party Congress pointed out the inherent relationship between the main and the fundamental contradictions.

We, the Marxist Leninists, have, from the outset, asserted that secession is not the solution for the national question, and carried forward this view among the Tamil people on a wide scale. We had warned about the danger of imperialism and regional hegemony taking advantage of the national question. It will be useful to look into these matters at this juncture.

We have never deviated from our stand of class struggle. We never conducted ourselves like the leftists of the South who took to parliamentary political opportunism and stood silent in the face of chauvinist assault. Similarly, when the Tamil youth took to arms, the Marxist Leninists were not tempted by the glamour of arms to follow them. A handful of individuals, for personal and subjective reasons, approached the Tamil youth movements in the hope that class forces could be advanced within the nationalist arena, and lost themselves.

Certain movements went beyond that to follow the unrealistic notion of diverting the nationalist stream along the channel of class struggle, only to become degenerate and to annihilate their identity. The Marxist Leninist phrases that they uttered turned out to be meaningless, and their 'left' nationalism disappeared without trace.

Hence, we, the Marxist Leninists, maintain that the chauvinistic big bourgeois and imperialists are the main enemy, and stand firmly on the side of the Tamil people, who are carrying forward the struggle for self-determination. We have on no occasion allowed room for class compromise or vacillation. Not only amid the Tamil people who have from time to time carried forward various movements and struggles but also among the Sinhala people, we have emphasised our opposition to the chauvinistic war and the need for a political solution. Our Marxist Leninist party has acted on its own as well as in collaboration with other honest left and democratic forces worked to strengthen the campaign for peace and the search for a political solution among the Sinhalese.

Our policy and stand have been developed on the basis of our attitude towards chauvinistic military oppression, and outside the rigid limits of pro- and anti-LTTE positions. It is important to point out at this juncture that we have carried forward our stand on the basis of the objective reality viewed from a Marxist Leninist perspective, and transcending considerations of subjective likes and dislikes for political survival.

The Marxist Leninist approach of class struggle is neither dogmatic nor rigid. It enables us to arrive at our policies in accordance with the prevailing social structure in the country and the course of development of the classes, which are its dynamic forces. Hence, the Marxist Leninist position on the national question is something that can be reached only by looking at the development of the problem in an appropriate manner.

In the current situation, the national question has entered a phase where it faces local and foreign threats. There is a need to study these matters extensively and in depth from a Marxist Leninist position. Let us continue to discuss and debate them.

# THE WAR ON IRAQ AND THE U.S.-BUSINESS CYCLE

**Dr. Peter Custers**

Theoretician on Arms' Production and Arms' Exports  
Leiden, The Netherlands

## 1. Introduction

Below I suggest to highlight the relationship between the war staged by the United States and Great Britain against the Saddam Hussain regime in Iraq recently, and the nature of the US economy today. In recent weeks, the international press has once more been the scene of a debate as to whether the presumed existence of weapons of mass destruction in Iraq was the true reason for the US and Great Britain to go to war. Since in the two months that have lapsed since the war's end, no tangible proof have been found indicating that before the war's start Saddam Hussain did indeed possess stocks of chemical and biological weapons, doubts on the existence of such stocks, as had been loudly claimed by Western intelligence services, have grown. Unfortunately, the discussion in the Western dominated media continues to be limited largely to the feigned reasons for war. Meanwhile, the true reasons for the bloodshed continue to be poorly discussed.

Further, though alternative press circles have more seriously drawn attention to issues relating to the US's self-interests in order to clarify the true motives behind the war, the discussion regarding the nature of the US's self-interests has tended to be restricted to economic aspects other than the militarisation of the US-economy. Thus, it has been pointed out that access to Iraq' oil resources - Iraq's oil reserves being the world's largest next to Saudi Arabia's - is crucially important to the US, since the dependence of the American economy on imported oil in the near future is expected to grow substantially. It has also been pointed out that Saddam Hussain in 1999 decided that Iraq' exported oil should henceforth be paid for in

Euros instead of Dollars. Because of a steadily growing imbalance between its imports and exports, the US has been facing a huge deficit on its current account balance. Hence, the American government has reasons to fear a shift by oil-exporting countries, from the Dollar to the Euro as means of payment.

Still, it would be wrong to limit our discussion regarding the self-interests behind the US's war of aggression to the issues of oil and the Dollar alone. For just like the second Gulf war of 1991, against Iraq's occupation of its neighbour Kuwait, the third Gulf war did take place precisely at a time when the American economy had entered a recession. For almost a whole decennium, the production of information-technology and related commodities constituted the motive force of the American business cycle. Yet ever since 2000/2001, the economy has been facing a periodic crisis. It would be wrong to entirely equate the economy's transformation of the early nineties, with the transformations which the government of Bush Jr. seeks to implement. Yet once more - just happened on the occasion of the second Gulf-war - the American government through the third Gulf war purports to facilitate a major shift in economic policymaking.

In this essay, I wish to highlight two major items: 1) arms' production and military expenses in the US-economy today; 2) the debt question as it poses itself for the US economy in the broadest sense. Both themes, so is my conviction, need to be addressed in order to grasp the economic background to the war of aggression. Both themes, moreover, are mutually interconnected, since the US's public and foreign debts, gathered since the Reagan period of the 1980s, can at least partly be ascribed to the emphasis which in the past has been put on arms' production and arms' procurement, as methods to regulate the business cycle in the US and in the world economy at large. The below report purports to contribute to the discussion on the true reasons driving the US to stage a 'preventive' war, in spite of the fact that the world's public opinion strongly opposed it.

## **2. Increases in the Military Budget**

To start, let's look closely at the evolution in the American military budget, and at its significance for the US economy as a whole. First, there is no doubt that the size of the military budget has been steadily on the increase since 1998. In the later part of the 1980s, the budget had reached a historic peak, hovering around 325 Billion US Dollars. Subsequently, it was downsized, a trend which to an extent was facilitated by the US's waging of the second Gulf war against Iraq's occupation of Kuwait, which contributed much to export- promotion of US armament systems. Since the end of the Clinton-era, however, a reverse trend has been noticeable. Whereas in 1998, the official military budget amounted to 279 Billion US Dollars, over the last five years it has grown by 100 Billion, - a sizeable increase in a period of just five years (1). The Federal budget for the current financial year includes Pentagon-allocations amounting to 379 Billion Dollars. What macro-economic significance do the mentioned increases hold?

Some economists insist that the US military budget does not exert a major effect on overall trends in the US economy, since the size of the given budget is small in comparison with the size of the US's Gross Domestic Product (GDP). While American military expenses are extraordinarily high in an absolute sense, today – so it is argued – they are low if measured in comparison with the total size of the production of goods and services in the economy. Whereas official military expenditures in the 1980s were over 6 percent of GDP, today, after the years of steady increases since 1998, they remain below 4 percent. Real military expenditures, however, do not just comprise the figures mentioned in the Pentagon's annual budget. Thus, the budget for 2003 does not mention the tens of billions of Dollars being spent on the war in Iraq, since they are projected to be 'exceptional' war-expenditures. The military's share in overall consumption in society is decidedly larger than is revealed by the official budget of the Pentagon.

Another argument put forward by relativists is that regarding the share of 'procurement', i.e. the purchases of large armament systems, in the Pentagon's budget. Some experts even speak of a 'holiday' in procurement, which presumable started during the

Clinton period, and is continuing today.(2) The official allocations for 'procurement' in the military budget are less than 60 Billion Dollars, evidently a minority share of the budget's total amount. A part of the increases approved through the last five years indeed have not been spent on procurement, but on salaries of army personnel. Yet the structure of the military budget is highly deceptive. Thus, it appears that all purchases of ammunition - just like purchases of weaponry placed with companies in the military sector - are captured under the heading of 'operations & maintenance'. And though weapons which are constructed under the heading of 'R&D '(research & development) are not destined for use by the US army, the roughly 55 Billion Dollars mentioned here are largely earmarked for the construction of 'prototype' weapons. Thus, the given allocations do stimulate industrial activity in the military sector as well.

The main question is not whether the budget of the Pentagon as composed can contribute to business cycle regulation, for most allocations which do not entail purchases of weaponry or the financing of armament systems, do also contribute to stimulating activity in the economy as a whole. The decisive question is rather, whether the total of military expenditures exceeds a certain threshold, and whether the military expenditures are large enough to exert a broad influence over different economic sectors. Although the military sector always holds a 'minority'-position vis-à-vis the civilian sectors and their composite weight, orders issued by the Pentagon to military corporations always exert an 'extended' influence. They impact on civilian sectors, since the military sector is a non-reciprocal sector: managers and employees of arms' corporations purchase commodities (raw materials, means of consumption) manufactured by civilian companies. And yet the military commodities produced almost exclusively flow towards the state (states). Hence, once the size of the military budget passes a certain threshold, its macro-economic effect is ensured.

Moreover, what needs to be stressed above all is that the timing of the reversal and of the start of the new upward trend in the military budget offers all reason to presume that the American government's intentions have been to stimulate the US business cycle



via the budget of the Pentagon. By 1998 it had become obvious that the business cycle of the ongoing decade which had been driven by the production of information-technology had run its course. It was also obvious that the US government would have to actively intervene in order to either pre-empt the occurrence of a periodic crisis, or help to smoothen out its effects. Both the steady increase in the Pentagon budget and the war on Iraq should be understood in the light of the transition in the US business cycle. Perhaps the US will not rely on military allocations and on orders issued to arms' corporations throughout the entire length of the next business cycle. Nevertheless, it cannot be coincidental that these increases were pushed through from the moment when it was clear that the US's business cycle had reached its turning point.

### **3. Resurgence of the Budget Deficit**

The second theme I wish to broach here is that regarding the relationship between the Pentagon's rising budget on the one hand, and the growing deficit in the Federal government's overall budget on the other. First we need to note a striking parallel between the policies pursued by the present government of G.W. Bush, and the economic policies implemented in the 1980s under President Reagan.(3) In the decade of the 1980s, a series of measures were implemented that harmed the interests of the poorest section of the US population. Tax cuts were pushed through which entailed a redivision of income in favour of the super-rich, and cuts in social welfare were carried through which undermined the position of the low-paid, the elderly and the disabled. At the same time, the government constantly raised the level of military expenditures. The result of the given combination of measures was a gnawing budgetary deficit. Claude Julien, the editor of *Le Monde Diplomatique*, in 1985 estimated that the total deficit for the period 1981-1984 amounted to 547 Billion US Dollars.(4) There was, in his eyes, no doubt about the fact that the increases in military expenditures and the increasing budgetary deficits were closely interrelated phenomena.

The historical parallel between the Bush Jr era and the Reagan era has been drawn by journalists in particular since the government of Bush Jr has announced its budgetary plans for 2003, in January last. Once again, major tax reductions have been proposed, which according to the White House will be beneficial to 92 million American citizens. A study undertaken by two research institution jointly, i.e. by the Urban Institute and the Brookings Institution, however, shows that the tax cuts are deeply biased in favour of the topmost rich. Those Americans earning between 30 and 40 thousand Dollar annually will receive a tax reduction of 42 Dollars in the current year, while those earning more than 1 million Dollars per year will be granted tax reductions amounting to 27.097 Dollars. One of the changes in taxation concerns the lifting of the tax on dividends - one measure which alone which cost the state 364 Billion US Dollars over a period of ten years. According to the abovementioned study, the richest 1 percent of the population will bag 42 percent of this particular abolition! (5)

Moreover, the tax reductions have been proposed right after a budget surplus had been transformed into a budget deficit. When the government of G.W. Bush was formed, the Federal budget showed a positive balance. For a while since, the government has continued to benefit from the strict budgetary policies which the Clinton government preceding it had pursued. In 2002, however, the surplus was transformed into a deficit, which in the given year amounted to 159 Billion Dollars. This year, the deficit will reach truly dramatic levels. Jean-Cotis, the chief economist of the OECD, expects that it will amount to a record 450 Billion Dollars. According to Le Monde's calculations, the deficit will be a staggering 4.5 percent of the US's Gross Domestic Product.(6) And although the Senate has downsized the tax cuts proposed by the Bush government, it still remains a remarkable fact that reductions are being pushed through at the time when the government is facing a huge revenue deficit!

Moreover, the transformation from a budget excess into a budget deficit is occurring some four years after the beginning of the new trend with regard to the Pentagon's budget. Also, the rise in the overall deficit has been much faster than the increases in military

expenditures which the pentagon's budget has shown since 1998. Whereas the Pentagon, as indicated above, this year is able to officially spend 100 Billion Dollars in excess of the amount of money which it was allowed to spend 5 years back, the total shift from the overall surplus to the budgetary deficit since 2001 is near about 600 Billion Dollars. In order to correctly assess the meaning of this transformation, two effects need to be juxtaposed: the effects of the tax cuts, and the increases in the Pentagon's expenditures. What in any case is crucial for the debate amongst peace activists worldwide, is the existence of a close interrelationship between the budgetary deficit on the one hand, and the steadily expanding size of the military budget on the other hand; what's essential is that a policy has been adopted aiming at economic growth via an expansion in weapons' procurement and other allocations in the budget of the US Pentagon.

In the past Western governments have derived the idea of 'pump priming' via a budgetary deficit primarily from John Maynard Keynes, the most well known economic theoretician of the capitalist world in the previous century. According to Keynes, the existence of a budget deficit is advantageous, since an expansion in governmental expenditures helps to boost the aggregate demand of commodities in society. Keynes' followers helped to familiarize US policymakers with his theory during and after World War 'Two'.(7) In Washington, the theory gained popularity precisely, since the theory's author did not distinguish between pump priming that is based on civilian government expenditures, and pump priming based on allocations to the military (8). Since the US for four decades on end have, if not exclusively, largely relied on military expenditures to steer the US through the periodic crises in the US economy, opponents of the given policy have termed this policy one of military Keynesianism.

Though, as will be shown below, it would be wrong to simply equate the policies of the present Republican government with policies implemented by the Republican government during the 1980s, - the mode of business cycle regulation used by the two governments is broadly comparable. For the parallels between the sets of measures adopted then and now, are significantly strong.

Proponents of military Keynesianism will no doubt argue that from a macro-economic point of view there is little ground to draw a distinction between 'civilian' and 'military' business cycle regulation. From the standpoint of socialist rationality the distinction is fundamental, though. For if military expenditures would not be employed to support aggregate demand in society, the lion's share of those expenditures could be employed to raise the standard of living of the working population of the world. Thus, seen from this angle, the discussion regarding military Keynesianism, regarding the wastage of economic resources in order to fight periodic crises in the capitalist system, is crucial indeed.

#### **4. Capital Concentration Surrounding US Arms' Production**

It is further necessary to discuss the changes in power relations which since the decade of the 1980s have occurred in the US military sector, since these do crucially affect the overall position of the given sector within the US's and in the world economy. Over the last twenty years the sector has witnessed three distinct waves of capital concentration. In the 1980s, the Pentagon, as had been practised in the preceding decades, primarily relied on a select group of monopoly companies for the construction of weapon systems. Since profits on arms' purchases of the state were high, and since the then prevailing level of interest rates on state bonds tended to discourage companies and corporations from investing in civilian sectors of the economy, - top civilian corporations took over arms' producers in order to benefit from the Pentagon's lucrative contracts. The merger movement of the Reagan years, then, extended well beyond the borders between the military and civilian sectors of the US economy (9).

During the 1990s, after the US state had downsized its military budget, there followed a second merger movement. This time, the wave of capital concentration had different origins. They now occurred largely 'under duress', i.e. they took place largely because, as state-orders were forthcoming only sparsely, armament corporations were no longer running at full capacity. Thus, individual companies through mergers sought to ensure that they would continue to partake of government orders. The number of

giant corporations thus shrank, as is well illustrated by the list of Pentagon-suppliers published last year by The Economist.(10) The names of leading corporations drawing orders from the Pentagon - Lockheed-Martin, Northrop-Grumman, etc. - gives a fair indication of the character of the given merger movement. There is only one predominantly civilian corporation which has continued to figure on the Pentagon's top-list, being the mammoth aircraft construction company Boeing. The total number of giant suppliers reportedly has shrunk from some 15, to a mere 5 corporations.

The third wave of capital concentration, strictly speaking, is not just a merger movement. This time the main thrust appears to be the forging of alliances between US corporations, and corporations and companies producing arms' systems or arms' components in Europe. Yet once again, this third movement of concentration, which emerged in the second part of the 1990s, tends to strengthen the oligopolistic position of a handful of American arms' producers, - both in the US and internationally. Further, the strategy of alliance-building is consciously being pursued by the American government itself, its reported target being the building of a global defence industry under the leadership of American corporations, based on transatlantic partnerships.(11) From the analyses which have been presented in the international press it is crystal clear that the American government, via the given strategy, hopes to promote the sale of expensive weapons' systems to European governments, and even seeks to have European states contribute towards the development-budget for new American weaponry.

The capital concentrations which have occurred within, or have been initiated from within the American military sector since the 1990s, do affect the position of the sector in the US-economy as a whole. From the experiences gathered in the 1980s, the American government has apparently drawn the conclusion that the existence of a singular dependence of top arms' producers on orders of the state is hazardous, since business cycle regulation via arms' purchases is a policy which cannot be pursued indefinitely. If armament corporations first are encouraged to expand their production capacity via attractive orders, yet subsequently have to face a contraction in

orders, when a periodic crisis forces the state to restructure its macro-economic policy, - this negatively affects their production potential, and ultimately the US's hegemonic position in the world at large. Thus, the US government through its strategy of building Atlantic partnerships seeks to, inter alia, prevent a recurrence of the scenario of the 1980s.

In short - the American government via the strategy as described seeks to enhance the flexibility of corporations and companies based in its military sector. Thus, the US state can relatively more easily take recourse to its military allocations and use these as a pump primer, - but with a reduced risk that the given policy will emanate in a renewed periodic crisis, caused by the boomerang effect of state-orders to armament corporations. A striking example of the new strategy is the policy chalked out around the development of the Joint Strike Fighter (JSF), the new US fighter plane. Although the order to build this new plane has been issued one single American corporation, Martin-Lockheed, - the American government through the subcontracting of orders to European companies, seeks to ensure that as many JSF be exported as will be sold to the Pentagon. (12) Consequently, the US government in the new millennium intends to partly re-rely on the military sector and on military allocations for business cycle regulation, yet without loosing its scope for manoeuvring.

### **5. Business Cycle Regulation and the Military Doctrine**

The fourth theme to be highlighted is the US's changing military doctrine, i.e. the fundamental doctrine which both underlies American foreign policy and the economic policy of US-leaders. Spokespersons of the US's military establishment for a number of years have been propagating that the world is witnessing a 'revolution in military affairs'. Joseph Nye and William Owen in an article in the magazine Foreign Affairs published in 1996 for instance have pointed to the fact that war operations today are no longer dependent, primarily, on large weapons' systems such as fighter planes, war-ships and tanks, but rather depend on the best use of information and effective guidance of means of destruction towards their targets. They sketch a contrast between 'platform

warfare' and 'network warfare'. European journals and papers too have started highlighting the idea that the mode of warfare at the start of the new millennium has thoroughly changed. (13)

In the debate on the presumed new mode of warfare reference is made to three elements. First - the existence and the use by the US of precision weapons, i.e. weapons which more than in the past can be accurately directed towards their target, for instance since lasers and/or computers are being used. Examples are laser-guided bombs or missiles, and unmanned fighter planes. The two other elements mentioned usually referred to are: \* the methods of gathering information, i.e. reconnaissance, which has always been crucial to the planning of military activities; and \* forms of technology which facilitate the command over warfare and overall guidance of the armed forces. These aspects in the debate are summarized under the nominator of C41, which refers both to command, control, communications and computer processing (14).

Two comments need to be placed in order to relate the question of the American doctrine on warfare with the issue of US business cycle regulation. First: the idea that the character of warfare is changing, and that the US and other imperialist states in the world system today can fight their adversaries in a novel fashion, if only they employ the very most advanced forms of technology, is not new at all. Thus, the US Pentagon for several decades on end has been engaged in research and development of unmanned reconnaissance planes and fighter planes, the so-called 'drones'. Again, the thesis of the 'automatic battlefield' has been in existence at least for a quarter of a century. The German investigator Walter Stock, in his book on the American economy and 'High Tech' (1986) already described such aspects of Pentagon research, aimed at renovating the mode of warfare (15). Clearly, the thesis regarding a 'revolution in military affairs' has not been invented just yesterday.

Secondly - independent from whether one can speak of a change in the paradigm around the conduct of warfare, it needs to be recognized that the very idea of a replacement of 'platform warfare' with 'network-warfare' does affect the economic policy of the United States. For instance, the percentage-cost of electronic components in

the production of weapons' systems has been steadily on the increase. As early as in the beginning of the 1980s a qualitative shift in the costs for development and production of armament' systems was pointed out, in favour of electronic components (16). Highly significant also is the fact that precisely companies manufacturing information-technology - hardware and software for computers – have benefited most strongly from the direct and indirect increases in the US-government's military budget which have taken place since the later part of the Clinton-era.

On the basis of the limited data available now, one can safely conclude that the Pentagon has crucially impacted on the two shifts in economic policymaking that have been necessitated since the Reagan-era - those in 1990/19901 and in 1998-2002. Not only has the Pentagon first agreed to a reduction in military expenditures and the transition towards a more 'civilianised' economy at the end of the 1980s, and has also promoted the increases in the military budget and the 'remilitarisation' of the US-economy implemented since the later part of the Clinton-era. Besides, the Pentagon has also contributed to the fact that the sectors where information-technology is produced from the beginning of the 1990s have become the driving force of the American business cycle. Lastly, the same ministry has also ensured that producers of computer- and information technology during the last three years of recession have been provided with special incentives, in order to promote their resurgence. Such is the meaning of the overview on the Pentagon and companies in the Silicon Valley, published recently in the French daily Le Monde (17).

## **6. The Debt Question: Individual Households and Private Companies**

The second cluster of themes which I wish to cover in this survey on the US economy, is that regarding indebtedness. This question, in its broadest sense, is closely connected with that regarding the US's military allocations since the latter, as has been pointed out above, in the past have resulted in a deficit on the



Federal budget. The tendency to use the Pentagon budget towards business cycle regulation is primarily reflected in the data regarding the public (i.e. state-) debt, and in figures regarding the US's international financial position. Last-mentioned theme will be discussed below. Here I first wish to refer to two other types of debts which are haunting the US: debts of individual households and debts incurred by private companies. Both types of indebtedness at least since the decade of the 1980s have been prominently addressed by critical observers analysing the state of the US economy.

First: as to indebtedness of individual households - Frederic Clairmont, in his article published in *Le Monde Diplomatique* of April last, has presented the following figures showing the degree to which the problem has increased over four decades. In 1964, the indebtedness of individual households amounted to 2 hundred billion Dollars. In the year 2002, the figure had risen to 7 thousand 2 hundred Billion Dollars.(18) Compared to the growth during the first two decades, from 1964 till 1984, the increase during the more recent decades has been slower. Nevertheless, both with regard to the later part of the Reagan era, and with regard to the Clinton period, a substantial aggravation has to be registered. In 1985, average indebtedness was equal to 26 percent of individual income; by the end of the year 2002 it amounted to 40 percent. In Frederic Clairmont's words, the situation heralded a 'staggering aggravation in the level of savings' in the US. He considers this a sign of the very 'degeneration of US capitalism' (19).

Again, the financial position of private companies has deteriorated dramatically over the last forty years. In 1964 their debts according to Clairmont amounted to 53 Billion Dollars; in 2002 the figure had skyrocketed and amounted to 7 thousand 620 Billion American Dollars, which was equal to 72 percent of the US's Gross Domestic Product. The given debt was estimated to have been 2.589 Billion US Dollars in 1984, being 'three times higher than the combined Third World Debt' at that time (20). Both Clairmont and Julien have argued that the widespread practice of mergers and take-overs in the 1980s much fuelled the rise of the debt burden of private companies. Clairmont speaks of a phenomenon which in scope and

rhythm 'has no precedent in the whole history of capitalism' (21). In any case, the main question is what effects will be generated in the middle and longer term by the fact that both individual households and private companies have accumulated a mountainous debt, - households in view of their consumption needs, and private companies in order to strengthen their position vis-à-vis their competitors.

## **7. The US's Foreign Debt Today**

The debt question which has directly influenced the planning of the recent war in Iraq, is the issue of the US's foreign debt. I therefore propose to discuss it separately. Form data published in Current Issues in Economics and Finance, the magazine of the US Federal Reserve, it is abundantly clear that the international financial position of the US has gravely deteriorated in recent years. The American Bureau of Economic Analysis (BEA) of the Ministry of Commerce, at each year's end publicises figures regarding the financial position of the US vis-à-vis the rest of the world. These figures bring out on the one hand how much capital American companies and citizens possess abroad and how many financial claims they have on the external world; on the other hand they show how much capital foreign companies and citizens have invested in the US economy. At the end of 2001, the US's indebtedness vis-à-vis the rest of the world, according to the BEA, amounted to 2.3 Trillion (thousand Billion) American Dollars. Indebtedness had reached a staggering record level (22).

When reviewing the data in the Federal Reserve' journal, the author of the mentioned article, Cedric Tille, further commented that the US faces an accelerating deterioration in its international financial position. Until 1995, the deterioration on average amounted to 'merely'50 Billion Dollars per year. Between 1995 and 1999 the speed of growth in the US's indebtedness, however, was stepped up: the average figure for this period was 178 Billion Dollars per year. The deterioration signalled since 1999, however, must be most alarming for American policymakers: in the two years that expired between the end of 1999 and the end of 2001, the growth in the debt figure was 628 Billion Dollars per year, meaning that the net debt

more than doubled in record-time.(23) The conclusion on the basis of these data appears to be quite simply this: the US can no longer tolerate that any nation on earth take steps that tend to weaken the US's international financial position. The country is bound to react to any initiative which negatively affects its international financial position, or tends to undercut its privileges.

An analysis regarding the causes of the rapidly escalating US debt - as has been pointed out correctly in the debate on the economic cause of the recent war -further leads inexorably to the conclusion that its principal cause is located in the yearly growing trade deficit of the US, as reflected in the figures on the US's current account balance. A trade deficit in fact has existed for long: the transition from a surplus to a deficit took place way back in 1971, when the trade balance for the first time showed a 2.3 Billion Dollar deficit. Since the 1980s however, the deficit has reached astronomical levels. While in the early eighties the same deficit amounted to 45 Billion Dollars, last year the figure was more than tenfold this amount: over 500 Billion Dollars! (24) Overall, we need to note two indicators of the US's financial position that have shown a deteriorating trend simultaneously: the US's current account, as well as the figure regarding the US's net international investment position. Steps by other states that would weaken the US's international trade position, such as a shift by oil-exporting countries from Dollar to Euro as means of payment, are particularly 'threatening' to the US.

When debating how the hell the US could allow its trade deficits to persist for thirty years on end, and how it could allow the problem to escalate without feeling perturbed, - critical observers have emphasized the fact that the US holds an exceptional position in the international economy, since the Dollar continues to be accepted generally as main means of international payments. The US government can simply print extra Dollar notes in order to fill its trade gap (25). From data regarding foreign loans contracted by US governmental institutions, it however is apparent that the escalating trade deficit has also led to ever-increasing indebtedness of the US vis-à-vis other central banks. According to Ernest Preeg for instance,

the 460 Billion Dollars gathered by other central banks between 1990 and 1996 have primarily been invested in bonds issued by the US Treasury, against 5 to 6 percent interest per year (26). As the trade deficit persists and continues to grow, the US Treasury is obliged to pay an ever-larger amount of money as interest on its bonds.

Let's, lastly, note the connection between the changing international financial position of the US, and the country's military expenditures. From the First World War until the year 1984, the US was a creditor nation: the superpower was not indebted to other countries; instead, the very reverse was the case. The transformation which has occurred since then has in part been caused, as stated, by the evolution on the US's trade balance and on its current account. Yet state loans issued in order to finance the government's budget deficit too have contributed their share. Claude Julien's essay, published in February 1985, already made the point quite well: by maintaining high interest rates, the Reagan government consistently attracted foreign capital so as to finance its rising military budget (27). And although thanks to the maintenance of a balanced budget, as was the policy of the Clinton government, the American government could refrain from issuing ever new state bonds relating to budgetary deficits, the US federal state continues to be indebted in consequence of the militarisation of the US economy that took place in the Reagan era (28).

The implications of the above story appear to be this: the US endeavours to hold on to its position as the world's pre-eminent power by employing its overwhelming military might. Yet in economic terms the US is far more vulnerable than its leaders dare admit. One of the chief factors inciting the American government to launch a war to overthrow Saddam Hussain undoubtedly was the fact that the Iraqi dictator in 1999 decided to henceforth demand payment of Iraqi oil exports in the Euro (29). Imagine other oil-producing countries would emulate the Iraqi example and would demand the same; suppose that central banks which have bought bonds issued by the US Treasury would collectively decide to dispose of these loans; suppose financiers who have earlier purchased long-term US state

bonds, too would jointly decide to 'desert'! Surely, it is highly unlikely that foreign financiers simultaneously abandon the US. Yet even if a small part of the given scenario were implemented, the US government would be in dire straits. Given that the US's net debt to the rest of the world has climbed to a record 2.3 Trillion Dollars, the US economy certainly has become highly vulnerable.

## **8. Conclusions**

On the basis of available data, and on the basis of the above-presented analysis, the following conclusions appear to be justified:

First - the timing of the recent war of aggression against Iraq, which was staged when the American economy faced a periodic crisis, reflects the fact that the US government once again has taken recourse to using military allocation for purposes of business cycle regulation. Once again, as at the time of the second Gulf-war staged in 1991, the US government has been looking for ways to promote a transformation in the domestic economy. At the time of the previous war, the state sought to reduce the level of state orders issued to armament corporations. Thus, the then war offered the US state an occasion to demonstrate the technological superiority and efficiency, and hence promote the exports, of American weaponry. Presently, the re-orientation aimed at is in part a re-orientation in reverse direction, in the direction of a re-instatement of the policies of business cycle regulation via the military budget which had been applied during the Reagan-era of the 1980s.

Furthermore, there decidedly exists a relationship between the 'revolution in military affairs' being advocated by military leaders of the US, and the specific policy of business cycle regulation being pursued. In the past, the Pentagon had contributed in a major way to the fact that the sector producing information technology emerged as leading economic sector. This it had done in particular through the financing of research into the development of computers and computer programs. Of late, military leaders have been arguing that technological changes, in the collection and centralisation of information, and with regard to the guidance of weapons to their targets, have led to a paradigm shift, - to a fundamental

transformation in the conduct of warfare. As a direct consequence of the given change in thinking, the Pentagon furnishes additional orders to high-tech companies which have faced a setback in production and sales during the recession that has struck the American economy in recent years.

Thirdly: military production has a major bearing on the functioning of the present US-economy. Thus, additional orders of weapon systems issued in consequence of the steady growth in the size of the American military budget through the last five years, are not just beneficial to armament corporations, but do stimulate industrial activity of a broad range of military and civilian subcontracting companies, including civilian suppliers of raw materials and machinery. Besides, the great emphasis which in the Reagan years was relegated to military production as a means towards business cycle regulation continues to exert a negative impact on the international financial position of the US. Since the American state during those years leaned heavily on the inflow of foreign capital as a source of finance for state-bonds, the US got transformed from a creditor- into a debtor nation. Today the amount of money which the US state owes foreign financiers continues to be larger than the amount of money that other (Northern) states owe to American suppliers of loan capital.

Lastly: the US's overwhelming military strength, employed in March and April of this year in order to overthrow Iraq's dictator Saddam Hussain masks the hyperpower's economic vulnerability. The most striking example underlining the US's vulnerability is the fact that the US for years on end have faced a deficit on its current account, caused by massive imports of commodities in excess of the country's exports. The deficit, moreover, has steadily risen and has reached an astronomical height: the increase over the last twenty years reportedly is more than tenfold! The US's comprehensive indebtedness to the rest of the world according to official figures by the end of 2001 amounted to 2.3 Trillion US Dollars. There is, then, little reason for euphoria on the part of the US's rulers. If other central banks, holding loans issued by the US Treasury, were to massively sell these loans; and if other foreign suppliers of loan

capital would simultaneously decide to do the same, the US's status as the world's only superpower would be eroded rapidly.

**Notes:**

- (1) On the increases in the Pentagon's budget, see for instance: Jacques Isnard, 'Aux Etats-Unis, un Budget de Guerre a Risques' (Le Monde, February 12, 2002); and Laurent Zecchini, 'Etats-Unis et Europe: le Grand Ecart des Budgets de Defense' (Le Monde, February 6, 2002, p.2);
- (2) The Economist, 'Transformed? A Survey of the Defence Industry' (The Economist, July 20, 2002, p.9);
- (3) Eric Leser, 'Sur Fond de Guerre, M.Bush Veut Relancer l'Economie Americaine' (Le Monde, January 9, 2003, p.2); Leser analysed G.W .Bush's speech at the Economic Club of Chicago, the city where 'Reagonomics' was borne way back in the seventies;
- (4) Claude Julien, 'L'Empire du Dollar - Fragilite d'Une Monnaie Forte' (Le Monde Diplomatique, February, 1985; translated excerpts from the article were incorporated as appendix in: Peter Custers, 'Waarom Stars? De Nederlandse Betrokkenheid bij de Amerikaanse Oorlogseconomie' (Vredesactiekrant, September, 1985, p.105);
- (5) Eric Leser (2003), op. cit.; a source facilitating the comparison with the policies of the Reagan years is Mike Davis, 'The Pathology of Reagonomics' (New Left Review 1949, January/February 1985, p.45);
- (6) Pierre-Antoine Delhommis en Serge Marti, 'L'Economie, l'Autre Ligne de Front de George W. Bush' (Le Monde, April 15, 2003, p.I); en Quenti Domart en Yves Mamou, 'L'Explosion des Deficits Constitue Une Relle Menace' (ibid, p.II);
- (7) see John-Kenneth Galbraith, 'How Keynes Came to America' (in: Paul Samuelson, Readings in Economics - Tata-McGraw-Hill Publishing Company Ltd, New Delhi, India, p.91-97); the group of economists consisted of academicians trained by Keynes' ally, Alvin H.Hansen;
- (8) For an in-depth discussion on the lack of a distinction between civilian and military expenditures in Keynes' theory, see in particular Paul Baran, The Political Economy of Growth, Monthly Review Press, New York, USA, 1957;
- (9) Peter Custers (1985), op. cit., p.23; also Mike Davis (1985), op. cit., p.56;
- (10) The Economist (2002), op. cit., p.11;
- (11) ibid, p.13; according to the RAND corporation researcher Lorell, the Clinton administration pushed the idea of a global defence industry, to be based on transatlantic cooperation, to counter the development of a unified European defence industry; see also Christophe Jakubyszyn, 'L'Offensive sans Precedent de Industrie de l'Armement Americaine (Le Monde, March 19, 2003, p.21); according to last-mentioned article, the British BAEs of late has been negotiating towards building transatlantic cooperation with the American corporation Raytheon;
- (12) Christophe Jakubyszyn (2003), op. cit., calls the JSF-program the most spectacular example of the offensive waged by the American corporations Lockheed

Martin, Boeing, Raytheon en Northrop Grumman in the direction of the European arms' market;

(13) on the theme of the revolution in military affairs, see amongst others Joseph Nye, Jr. and William Owen, 'America's Information Edge' (Foreign Affairs, March/April, 1996, p.20); and Eliot A. Cohen, 'A Revolution in Warfare' (Foreign Affairs, March/April, 1996, p.37); also The Economist (2002), op. cit.;

(14) Joseph Nye Jr. and William Owen (1996), op. cit., p.23;

(15) Walter Stock, High Tech. Amerikanische Vorherrschaft und Globalstrategische Absichten der USA (Pahl Rugenstein Verlag, Koln, Germany, 1986, p.80, Chapter 2, 'Hochrüstung und Technologie');

(16) according to the Finish researchers Tuomi and Vayrynen, the share of electronics in the costs of developing fighter planes and surface ships as early as in 1980 amounted to 40 percent of the total; it had risen to roughly 50 percent of the development costs of air defense systems – see Walter Stock (1986), op. cit., p.83;

(17) Eric Leser, 'Les Commandes Publiques, une Manne Inesperee pour la Silicon Valley' (Le Monde, March 19, 2003, p.21); according to Leser's data, the share of Pentagon orders in the portfolio of IBM had risen to 25 percent, and Silicon Graphic's sales to the Pentagon had within a year's time increased from 20 to 35 percent of the company's sales total;

(18) Frederic F.Clairmont, 'Vivre a Credit ou le Credo de la Premiere Puissance de Monde' (Le Monde Diplomatique, April, 2003, p.20);

(19) *ibid*; on the level of indebtedness of individual households in the 1980s, see also Claude Julien (1985), op.cit.;

(20) Frederic F.Clairmont (2003), op. cit., p.20; Claude Julien (1985), op. cit.;

(21) Frederic F. Clairmont (2003), op. cit., p.20; on mergers and take-overs in the 1980s, see also: Mike Davis (1986), op. cit., p.56;

(22) Cedric Tille, 'The Impact of Exchange Rate Movements on U.S. Foreign Debt' (Current Issues in Economics and Finance - Federal Reserve, January 2003, Volume 9 number 1);

(23) *ibid*;

(24) Claude Julien (1985), op. cit.; Frederic F. Clairmont (2003), op. cit.;

(25) Nick Beams, 'Oil and the Coming War Against Iraq' (February, 2003); and Geoffrey Heard, 'The War on Iraq: the US and Europe going Head to Head on World Trade Dominance' (March 9, 2003);

(26) Ernest H.Preeg, 'The US Trillion Dollar Debt to Foreign Central Banks' (September, 1998);

(27) Claude Julien (1985), op. cit.; Peter Custers (1986), op. cit.;

(28) Frederic F. Clairmont (2003), op. cit.;

(29) Nick Beams (2003), op. cit.; Geoffrey Heard (2003), op. cit.



*“Fierce-browed, I coolly defy a thousand pointing fingers,  
Head-bowed, like a willing ox, I serve the children”*

Lu Xun

## **The Significance of Mao Zedong’s Talks at the Yennan Forum on Literature and Art for People’s Literature and Art**

**Professor S. Sivasegaram**

In matters of art and literature, the first problem that a Marxist should resolve concerns purpose. To be more specific, it concerns the question, ‘for whom is our literature and art?’ Lenin, in pre-revolutionary Russia, stated unambiguously that art should serve the millions and tens of millions of working people. In principle, all Marxist Leninists endorse this position. However, there have been differences of opinion about putting this principle into practice. Dogmatic interpretation of the Leninist position has been as harmful as bourgeois liberalism in resolving important issues.

Those who blindly extrapolate Soviet experience to revolutionary politics in their countries have their counterparts in literature and art. What is required of a Marxist, however, is to start from objective facts and not abstract notions. It was this quality that enabled Mao Zedong to make outstanding creative contributions to Marxist Leninist theory and practice. The concepts of people’s war and mass line as advanced by him are central to making revolution as well as safeguarding it. Following inevitably from them is the concept of people’s art, which needs to be developed further in terms of theory and practice.

His introductory and concluding addresses at the Yanan Forum on Literature and Art in May 1942 clarified the Marxist position on literature and art in greater detail than by any Marxist thinker before. Mao also ranks among important modern poets of China and is known for his appreciation of classical and contemporary Chinese literature. The purpose of this essay is to examine the significance of Mao's views expressed at the Yanan Forum to the continued development of the concept of "people's art".

Mao's position on literature and art, while unambiguous, is neither rigid nor dogmatic. He has been consistent in his recognition of the importance of work on the cultural front and the need for political work to go hand in hand with it. There was no doubt in his mind on questions relating to the purpose of art. On the question of 'For whom?' he re-emphasised the position taken by Lenin, and went further to address specific issues that arose from what he saw as the purpose of art from a revolutionary Marxist perspective. The ideas that he gave expression to in Yanan were clear and, in keeping with his political views, placed great emphasis on class and class struggle and the identity of an artist and a work of art as products of class society.

His position on the nature of the relationship between the artist and those for whom the work of art is intended is an echo of the mass line that he advocated on the question of revolutionary struggle. Having clearly identified from a revolutionary Marxist position the class nature of literature and art, and their respective roles in the struggle for social change, he adopted the strategies for carrying forward the class struggle to struggles at the cultural front and in the arena of literature and art.

He deals with the problem in terms of class stand, attitude, audience and study, and the comments below by him would help us to understand his position on the various aspects of the problem.

*"The problem of class stand. Our stand is that of the proletariat and the masses. For members of the Communist Party*

*this means keeping to the stand of the Party, keeping to the Party spirit and Party policy”.*

*“The problem of attitude.... The question is whom are you dealing with? There are three kinds of persons: the enemy; our allies in the united front and our own people; the last are the masses and their vanguard. We need to adapt a different attitude towards each of the three”.*

Mao, while being unambiguous about the class stand of the art and literature of communists, has no illusions about the existence of good comrades who are not clear on this question: *“It is conceivable that there are still some who maintain that revolutionary literature and art are not for the masses of the people but for the exploiters and oppressors”.*

The above lack of clarity arises from the erroneous view that literature and art transcend class. Mao also points out that those who uphold such views in reality uphold bourgeois literature and art and oppose proletarian literature and art. His position that the literature and art of communists should be for the masses was based on his recognition of the importance of literature and art to liberation, and led to defining the new culture for China which, at the stage of the anti-Japanese war of liberation, as *“an anti-imperialist and anti-feudal culture of the masses of people under the leadership of the proletariat”.*

What is significant is that Mao rejects the leadership of the bourgeoisie and insists instead on the leadership of the proletariat: *“We should take over the rich legacy and good traditions that have been handed down from the past ages in China and foreign countries, but the aim must still be to serve the masses of the people”.* Mao has been consistent in his encouragement of the use of literary and artistic forms from the past and from outside China, remoulded and infused with new content so that they become something revolutionary to serve the masses.

He has warned about the influence of petit bourgeois thinking manifesting themselves as tendencies to deviate from the

proletarian approach to literature and art, and failure to correctly resolve the question of 'For whom?' Petit bourgeois thinking affects progressive and revolutionary writers and artists in several ways. Firstly, many writers and artists have a petit bourgeois social background and require remoulding of their thinking. This does not happen automatically when one joins the left movement or a Marxist political party, but requires exposure and experience in mass political work.

Secondly, in bourgeois society, especially in the absence of a revolutionary mass struggle, most of the creative work relies on media dominated by the bourgeoisie. The values promoted by the sponsors of literature and art and by the media through which writers and artists express themselves are bourgeois in orientation. Proletarian outlook in literature and art requires not merely the acceptance of proletarian ideology but also a transformation in one's outlook.

Writers and artists in feudal and bourgeois society generally tend to look up to approval if not patronage from the elite classes. This elitism also finds its way into literature and art, and finds a breeding ground in individualism, which is invariably a victim of thirst for fame, longing to prove one's self, and desire to be acknowledged by 'peers'. Awards and recognition from bourgeois institutions and the state contribute to rivalry and envy and many a progressive writer and artist has fallen victim to individualism and pathetic self-glorification.

This could be averted only by being clear about one's purpose and constantly reminding one's self about it. Collective effort and working as a member of a team help to some degree, but what is essential is the resolution of the question of purpose. The full resolution of the question of 'For whom?' would lead to the position that the real peers are the masses and the success of a work of literature or art depends on how well it has served the cause of the oppressed masses.

Thus, not surprisingly, petit bourgeois elitists make a major issue of the question of form and content and accuse Marxists, especially revolutionaries, of sacrificing artistic quality for political content.

We need to be clear that content is fundamental to a Marxist and takes precedence over form. But no work of art can justify itself purely on the basis of content. Mao has been absolutely clear on this matter and went to the extent criticising stereotype writing even in political literature. His emphasis on artistic quality and on the need to draw on various resources is unmistakable:

*“We must take over all the fine things in our literary heritage, critically assimilate whatever is beneficial, and use them as examples when we create works out of the literary and artistic raw materials in the life of the people of our own time and place. It makes a difference whether or not we have such examples, the difference between crudeness and refinement, between roughness and polish, between a low and a high level, and between slower and faster work. Therefore we should on no account reject the legacies of the ancients and the foreigners and refuse to learn from them, even though they are the works of the feudal or bourgeois class. But taking over legacies and using them as examples must never replace our own creative work; nothing can do that. Uncritical transplantation from the ancients and the foreigners is the most sterile and harmful dogmatism in literature and art”.*

Nevertheless he does not compromise on the nature of revolutionary literature and art: *“Revolutionary literature and art are the products of the reflection of the life of the people in the brains of revolutionary artists and writers”*, and goes on to emphasise that the life of the people is the ultimate, inexhaustible and richest source of material for all literature and art. The value added by the artist and writer essentially comprises the identification of the rich raw material, and the refinement and concentration of the content.

Again one is confronted by the question of ‘For whom?’, and the way this question is resolved determines the form, style, and

issues of aesthetics. Popularisation is a matter that is anathema to bourgeois and petit-bourgeois literary elite. This does not mean that the members of this elite group despise fame or popularity and all the good things that go with it. As much as they crave for mass approval, they like to appear aloof and 'out of the ordinary'. Such elitism manifests itself in many ways. Dark and unintelligible writing, the use of alien and even archaic expressions in a show of scholarship, imitation of obscure and unfamiliar styles to distinguish one's self from the 'mob', and seeking novelty for its own sake or to be reckoned among the avant garde are among the characteristics of petit bourgeois artists and writers.

Naturally, any new fad in the west is readily taken over by this group, often in a most superficial fashion, and dished out as the most advanced thought on earth. They also like their personal appearances to be out of the ordinary, and go out of the way to look unusual. Mao's observations about such trends in his time are just as appropriate today: "*Uncritical transplantation from the ancients and the foreigners is the most sterile and harmful dogmatism in literature and art*".

What is unfortunate is that many progressive and leftist writers are tempted by such tendencies. There are several writers who seem to think that writing in a lucid and simple style could make them appear less intellectual. Hence, they tend to express even the simplest idea in a complex way rather than express seemingly complex things in ways that are readily accessible to the people.

While emphasising that man's social life is the only source of literature and art, Mao explains the role of literature and art on drawing on these sources to elevate, intensify, generalise, idealise and thereby create something more universal than actual everyday life. The universals that emerge from a work of art or literature depend on the social outlook of the individual. The way in which they are expressed can differ from person to person, and one cannot be blind to the questions of quality and standard. Aesthetic criteria and norms exist, although they vary with class and social outlook. Out of those arises the contradiction between raising standards and

popularisation. But they are neither mutually exclusive nor do they have a clear dividing line between them as some advocates of 'pure aesthetics' would have it.

Mao's advice to the revolutionary writer and artist on raising the standard of the people is particularly relevant: *"Popularisation means popularisation for the people and raising of standards means raising the level of the people. And such raising is not from mid-air, or behind closed doors, but is actually based on popularisation.... With us therefore, the raising of standards is based on popularisation, while popularisation is guided by the raising of standards. Precisely for this reason, so far from being an obstacle to the raising of standards, the work of popularisation we are speaking of supplies the basis for the work of raising standards"*.

Mao thus recommends that specialists in fine arts get close to the masses, and give expression to their thoughts and feelings: *"Only by speaking for the masses can the revolutionary writer or artist educate them and only by being their pupil can he be their teacher"*. The idea of learning from the masses has not been emphasised more strongly by any Marxist thinker before Mao Zedong.

Mao has also addressed the from petit bourgeois quarters that the Marxist attitude to literature and art is utilitarian by pointing out that it only as utilitarian as that of the opponents of the Marxist view, which is utilitarian with a different class character: *"There is no "ism" in the world that transcends utilitarian considerations; in class society there can only be the utilitarianism of this or that class"*.

On the issue of literature and art criticism, there is a tendency among progressive writers and artists to yield to the demand of petit bourgeois intellectuals that only the artistic criteria should be used. There are several dangers here. In an explicit sense, the importance of content could be altogether ignored. But more serious is the risk of implicit acceptance of the values and norms of the bourgeoisie and the feudal classes in the assessment of any work of art or literature. Mao rejects outright the hypocrisy of 'pure artistic

criteria': *'There is the political criterion and there is the artistic criterion; what is the relationship between the two? Politics cannot be equated with art, nor can a general world outlook be equated with a method of artistic creation and criticism. We deny not only that there is an abstract and absolutely unchangeable artistic criterion; each class in every class society has its own political and artistic criteria. But all classes in all class societies put the political criterion first and the artistic criterion second. The bourgeoisie always shuts out proletarian literature and art, however great their artistic merit. The proletariat should similarly distinguish among the literary and art works of past ages and determine its attitude towards them only after determining their attitude to the people and whether or not they had any progressive significance historically. Some works which are politically downright reactionary may have a certain artistic quality. The more reactionary their content and the higher their artistic quality, the more poisonous they are to the people, and the more necessary it is to reject them'*.

The last sentence in the above comment by Mao deserves the attention of Marxist literary critics.

Mao goes on to demand the unity of politics and art, of content and form and of revolutionary political content and the highest possible perfection of artistic form: *"Works of art which lack artistic quality have no force, however progressive they are politically. Therefore we oppose both the tendency to produce works of art with a wrong political point of view and the tendency towards the 'poster and slogan style', which is correct in political viewpoint but lacking in artistic power. On the question of literature and art we must carry on a struggle on two fronts"*.

Thus, he is strongly critical of the attitude of making Marxism a substitute for literature and art: *"Marxism embraces but cannot replace realism in literature and artistic creation, just as it embraces but cannot replace the atomic and electronic theories in physics. Empty, dry dogmatic formulas do indeed destroy the creative mood; not only that, they first destroy Marxism. Dogmatic 'Marxism' is not Marxism, it is anti - Marxism"*.



In this context, there is the danger of incorrect judgment, and Mao's approach for determining the subjective intentions upholds the democratic principle of the right to free expression: *"In examining the subjective intentions of a writer or an artist, that is, whether his motive is correct and good, we do not judge by his declarations but by the effect of his actions (mainly his works) on the masses in society. The criterion for judging subjective intention or motive is social practice and its effect. We want no sectarianism in our literary and art criticism and, ... we should tolerate literature and art works with a variety of political attitudes. But at the same time, in our criticism we should adhere firmly to principle and severely criticise and repudiate all works of literature and art expressing views in opposition to the nation, to science, to the masses and to the Communist Party"*.

His reliance on an open and democratic approach, consistent with the mass line advocated by him to settle issues pertaining to the advancement of human thought, was further clarified in his well known essay, "On the Correct Handling of Contradictions among the People", published in 1957:

*"Letting a hundred flowers bloom and a hundred schools of thought contend is the policy for promoting the progress of the arts and the sciences and a flourishing socialist culture in our land. Different forms and styles in art should develop freely and different schools in science should contend freely. We think that it is harmful to the growth of art and science if administrative measures are used to impose one particular style of art or school of thought and to ban another. Questions of right and wrong in the arts and sciences should be settled through free discussion in artistic and scientific circles and through practical work in these fields. They should not be settled in summary fashion"*.

On the question of criticism, we should be clear that Marxists place self-criticism very high on their agenda, and Mao has been most emphatic about it: *"A person with good intentions must criticise the shortcomings and mistakes in his own work with the utmost candour and resolve to correct them. This precisely why*

*Communists employ the method of self-criticism. This alone is the correct stand'.*

To summarise Mao's position on literature and art:

1. Literature and art in class society have a class identity and are ideologically conditioned.
2. The source of all literature and art is life, and the class outlook of a writer or an artist determines what is gathered.
3. The class outlook of the writer or artist also determines the question of audience, approach and attitude.
4. Form and content are important to any creative work, but content is fundamental. This does not, however, mean that content could be a substitute for artistic quality.
5. Revolutionary writers and artists should create for the masses and, more importantly, learn from the masses.
6. The revolutionary writer or artist needs to create works of meaning and value to the masses. Thus, in raising the aesthetic standards of the masses, the writer or artist should ensure accessibility, since elevation of aesthetic standards will not be possible without first popularising literature and art among the masses.
7. Revolutionary writers and artists should be open-minded and be willing to draw on foreign and traditional resources, not blindly, but in a critical manner, discriminating between the positive and negative aspects of things.
8. When criticising works of art and literature, both the artistic and the political criteria are important.

9. Free expression of views and open discussion is important in coming to correct decisions on any issue. An oppressive approach is not permissible.

10. Self-criticism is essential to revolutionary writers and artist.

Mao did not exempt any aspect of human existence in class society from having a class character. Thus every aspect of human life in class society necessarily reflects class struggle. The approach that one takes in resolving class struggle in the context of seizure of state power has its echoes in all aspects of social life. Thus the concepts of upholding a revolutionary class stand, the united front, and mass line are not merely applicable to literature art but are of great importance in advancing the cause of proletarian literature and art. The question facing us is how do we develop and advance the concept of mass line in literature and art. We need to grasp the significance of the 'mass line' in context.

The mass line is central to the political thought of Mao and he encouraged people to play an active role in every aspect of life including literature and art. To carry forward the mass line in literature and art, initially the masses should be inspired. Thus creating for the masses is the first step. Combating individualism is important and collective work is valuable to revolutionary literature and art. Writers and artist should get used to seeing their creative work as a contribution to society rather than as their individual achievement. The ability to cherish whatever is progressive and beneficial to the masses, irrespective of the source, is a quality that grows out of collective work.

Of all forms of art, theatre offers most opportunity for collective work and mass participation, and much has been achieved in this respect internationally following the new directions chartered by Bertolt Brecht, Augusto Boal and Badal Sarkar, to name a few.

People's literature and art in its pre-revolutionary stage comprises drawing from the masses and creating for the masses. This stage also involves collective work and shifting of emphasis from the

individual to a larger group. It could extend to mass participation in various ways, including discussion of creations with writers and artists at different stages and consultation between the masses and creative writers and artists. The masses need to be encouraged to criticise, rather than leave all critical opinion to 'experts'.

Creating for the masses, creating collectively and subjecting creations to critical assessment by the masses are positive steps towards people's literature and art. But they only make them literature and art 'for the people' and, to a limited extent, 'of the people'. There will still remain a separation between the artist and the masses, the former a producer and the latter a consumer.

The reason why only a small fraction of the population is artistically creative is not that they are the blessed few, but that the creative potential of the vast majority has not been freed. The liberation of this tremendous creative potential of the masses will involve a long period of social transformation, and will find its fulfilment in the communist society, towards which all Marxist Leninists are working. Socialist transformation under proletarian leadership would, in the meantime, enable and emphasise the collective over the individual; it should be noted here that socialist writers and artists have successfully explored collective painting and writing. Collective work is not aimed to suppress the individual but aimed to overcome bourgeois individualist tendencies by redefining positively the relationship between the individual and society.

Admittedly, human society is being conditioned to accept selfishness as the norm and the driving force of development, and this is particularly true of the last three decades of imperialist globalisation. Socialists have a duty to combat it. The battle against imperialism and globalisation has to be carried out on every front, and mass struggle is the only way forward. While political and ideological leadership comes from the advanced sections of the proletariat, enhancing the role of the masses is essential. People learn more in the course of participation in struggle than by any other means. A similar approach is possible and necessary in literature and art.

Bringing out the creative potential of the masses need not wait for the later stages of socialist transformation. Every aspect of this creative potential that could be freed should be freed so that revolutionary literature and art could acquire a stronger mass character. It is a challenge facing the revolutionary writers and artists to apply the mass line to transform the masses into fighters in the battlefield of literature and art, which is now dominated by bourgeois vulgarity. The mass line, which was strongly advocated by Mao for political struggle, could be creatively applied to literature and art, by combining it with the criteria proposed by Mao in his talks in Yennan.

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The intellectuals often tend to be subjective and individualistic and impractical in their thinking and irresolute in their action until they have thrown themselves heart and soul into mass revolutionary struggles, or made up their mind to serve the interests of the masses and become one with them. Hence, although the mass of revolutionary intellectuals in China can play a vanguard role or serve as a link with the masses, not all of them will remain revolutionaries to the end. Some will drop out of the revolutionary ranks at critical moments and become passive, while a few may even become enemies of the revolution. The intellectuals can overcome their shortcomings only in mass struggles over a long period.

Mao Zedong

*The Chinese Revolution and the Chinese Communist Party, 1939*

The Communist Party does not fear criticism because we are Marxists, the truth is on our side, and the basic masses, the workers and peasants, are on our side.

Mao Zedong

*Speech at the Chinese Communist Party's  
National Conference on Propaganda Work, March 12, 1957*

## The NDP Diary

### Party Statements

#### Press Release of 12.6.2003

Comrade SK Senthivel said in his statement issued on behalf of the Central Committee of the NDP that the NDP has made the following observation in its report based on its study of the current political crisis:

The UNF government, headed by Premier Ranil Wickramasinghe, and the PA opposition, headed by the President, only show interest in carrying forward their own programmes with their respective ulterior motives without realising the hazardous essence of the national question that had assumed the form of war and the need to resolve it. The situation in which the LTTE was compelled to temporarily pull out of the talks is a direct result of this. The move by the President to take over the National Lotteries Board too has contributed to the climate for further deferment of the peace negotiations. Hence the NDP appeals to the government and to the President that they should avert the creation of a situation in which the talks could collapse and the danger of the resumption of war re-emerges because each of the two parties projects the interests of the party and ulterior political and economic motives.

The national question, which needs to be resolved on the basis of the life, resources, unity and development of all nationalities of the country, not only has reached a state of war and led to destruction but also has been further complicated by getting knotted up with the wishes of forces of foreign domination. The UNF government, headed by Premier Ranil Wickramasinghe, has wasted time in the pretext of dealing with the ceasefire, talks and peace, while carrying out at full throttle the processes of privatisation, liberalisation and globalisation. This seems to fulfil the wishes and preferences of the US. At the same time, it has dragged its feet and

put in cold storage matters agreed upon with the LTTE during its six phases of negotiations. It was in consideration of this that the LTTE was compelled to temporarily pull out of the talks. It is necessary for the government to realise this and take the necessary alternative measures to create a climate in which the LTTE could resume talks. Our Party warns that to carry forward its own ulterior motives and those of the US will only thrust the country into war once again.

At the same time the move by President Chandrika Kumaratunga to use her executive powers in the matter of taking over the National Lotteries Board has the ulterior motive of placing obstacles in the way of the peace talks and wrecking the negotiations. The claim that the intention of taking over the NLB was to prevent its being privatised contradicts the policy adhered to by the PA and the President in the past regarding privatisation. Thus, the intention of taking over the National Lotteries Board seems to be to create a political crisis through such measures and thus wreck the peace talks and create a climate of war.

It is thus necessary for the government and the President to abandon programmes that will only serve the interests of foreign forces and act in a farsighted way for the salvation and emancipation of the country and the people. What needs to be done for that is to take appropriate steps to enable the LTTE to enter the peace talks and to seek a political solution. Our Party points out that the future depends on finding the solution rather than procrastination.

### Press Release of 23.7.2003

Comrade E Thambiah, National Organiser of the NDP issued a call to abandon the proposed Upper Kotmale hydropower scheme, to make the minimum daily wage for plantation workers at least Rs 200, and to grant citizenship to those issued with Indian passports rather than deport them.

He further stated that various organisations are issuing statements, voicing opinion and demonstrating in support of the demands to abandon the proposed Upper Kotmale hydropower

scheme, to make the minimum daily wage for plantation workers at least Rs 200/-, and to grant citizenship to those issued with Indian passports rather than deport them. It is necessary to bring them together in a united struggle so that the demands could be won.

All organisations interested in the welfare of the Hill Country Tamil People should come to a common decision and carry out common campaigns.

The stand of those who care for the Hill Country Tamils, this country and the environment should be that the proposed Upper Kotmale hydropower scheme be abandoned.

It is not acceptable for the plantation companies to excuse themselves from increasing the wages of plantation workers using the pretext of the bad economic state of the country. A minimum wage of not less than Rs 200/- should be assured.

Those who have been issued Indian passports under the Sirima-Shastri Agreement should not be deported. They and their descendents should be granted Sri Lankan citizenship.

### Statement of 23.7.2003

The following statement was issued by Comrade Eliathamby Thambiah, National Organiser of the NDP in support of the signature campaign demanding the abandonment of the proposed Upper Kotmale hydropower scheme:

Let us make a success of the of the signature campaign to be initiated at 10.00 a.m. in the Hatton Christian Worker's Co-operative Hall by the People's Movement Against the Upper Kotmale Scheme demanding the abandonment of the proposed Upper Kotmale hydropower scheme. Let us firmly oppose and put an end to the scheme that would adversely affect the lives of the Hill Country Tamil people and the environment, and submerge under water a large area of fertile land.

The People's Movement Against the Upper Kotmale Scheme was formed following long discussions and consultations between



the representatives of several political parties, trade unions, associations for art and literature and other public organisations and individuals. The demand of this organisation is that the scheme should as a whole be abandoned rather than one for compensation for those affected by the scheme. Environmentalists and scientists too oppose it. A majority of them oppose it because they are conscious of the effects of the scheme and not because there is a democratic environment that allows protest.

Mr Karu Jayasuriya, Minister for Electricity and Fuel and Mr Naveen Dissanayake, Deputy Minister for Plantations are insistent that they will implement the scheme despite all opposition to it. Mr P Chandrasekaran, Deputy Minister for Social Development and Water Management, very well knowing that the scheme will mainly affect Hill Country Tamil people, is in support of the scheme. Mr Arumugan Thondaman, Minister for Housing and Plantation Infrastructure, was opposed to it, but his opposition is now muted.

Despite them, a vast majority of the people and organisations persist in their opposition because they are fully aware of the effects of the scheme. The people have the right to oppose and to stop schemes that are detrimental to them.

It is therefore necessary for the people to join the People's Movement Against the Upper Kotmale Scheme and demonstration their opposition to the scheme.

### Press Release of 27.8.2003

Comrade SK Senthivel issued the following statement on behalf of the Politburo of the NDP:

The statement by the President that the North-East should be de-merged into separate provinces only goes to demonstrate her unwise chauvinist attitude. While the prospects of setting up an interim administration to transform the current ceasefire into one of return to normal life are being discussed, the raking up of the question of de-merging the North-East by the Present is an ill willed attempt to stir up a wave of chauvinism and create a state of

confusion. The Party asks the President to abandon such intention and actions relating to it.

The President during her first term in office and up to now during her second term has adopted a position of accepting the merger of the North and East. She never thought in terms of a de-merger. Out of what need or necessity has the President now arrived at her efforts to de-merge? For a political solution to the national question, the negotiations should be continued. The creation of an interim structure to enable reconstruction, rehabilitation and return to normal life in the North-East is an objective reality and need of the moment. In a situation in which where the need is to offer advice and cooperation, the hostile stance of the President in her efforts to de-merge the North-East constitutes an act of mischief to disrupt all efforts for peace. The NDP asks the President to desist from such efforts.

## **Meetings**

### Commemoration of Comrade KA Subramaniam

Meetings were held in November 2003 in Colombo and in Jaffna to commemorate the fourteenth death anniversary of late Comrade KA Subramaniam who was one of the pioneering leaders of the Marxist Leninist communist movement in Sri Lanka and the founder General Secretary of the NDP, who lived as an exemplary communist fighter and a leading comrade.

Comrade SK Senthivel, General Secretary of the Party and Comrade E Thambiah, National Organiser of the Party participated in the meetings and spoke on the current political situation. The meeting in Colombo was chaired by Mr K Nadasabapathy and the meeting in Jaffna was chaired by Mr M Thiagarajah.

### War or Peace: Public Seminar

A public seminar to discuss the prospects for peace in the country was held at the Jayasinghe Hall on 18<sup>th</sup> October 2004. The

seminar was addressed by spokespersons for the NDP, Democratic Left Front, the United Socialist Party, the LSSP and the NSSP. Comrade E Thambiah addressed the gathering on behalf of the NDP.

### Popularisation of Marxist Leninist Studies

Marxist Study Sessions have been initiated under the guidance of the Central Committee of the NDP to broaden Marxist Leninist ideological education. The sessions are conducted for the study and practice of Marxism Leninism Mao Zedong Thought in the North and in the Hill Country. It should be noted that these sessions are conducted in a climate in which there is recognition, nationally and internationally, of the need for the understanding of Marxist Leninist principles and their use in practice.

### Mass Demonstration against Upper Kotmale Scheme

A large number of members of the NDP took part under the leadership of Comrade S Panneerselvam, Hill Country Regional Secretary of the NDP, in the demonstration and mass meeting on 10<sup>th</sup> December to mark the Human Rights Day, organised by the Federation of Hill Country Social Organisations.

Comrade Panneerselvam, during his address, emphatically demanded that the government should abandon the Upper Kotmale scheme, which would drown a large part of Talawakelle. He also wanted the government to put an end to expel from estates workers and their families, when the workers had retired from work or ceased to work in the estates.

He also demanded that haphazard housing without facilities for plantation workers should be brought to an end and proper houses should be built for them and that schemes should be put in place to ensure proper wage increments for the workers.

Several hundred participated in the Human Rights Day organised by the Federation of Hill Country Social Organisations. The event confirmed that the people will not hesitate to participate in struggles simply because the main trade unions keep quiet.

## Train of Tears\*

*E Thambiah*

They leave by the train of tears.  
Like cattle and sheep  
the young men and women  
who circled the skies as couples  
like birds in springtime  
part company, and  
leave behind  
their children, their parents,  
their husbands, their wives.

“Chug chug Nilgiri Hatton Gardens –and  
it’s too crowded in the train we go in”\*\*

They leave by the train of tears  
that narrates even today  
true stories –  
many a story of the silenced.  
Thus –  
in this land where  
separation is in the embryo,  
the breath of fury of some  
tears the sky asunder.

They toiled for this land.  
While they live a dog’s life, and  
seemingly possessed by evil spirits,  
some are out to deport them.  
Can we live this life of decimation  
without a word in angry protest?

\* Refers to the deportation of Hill Country Tamils to India under Indo-Sri Lanka agreements.

\*\* Lines from a folk song about trains that carried indentured labour

## National Events

### Turmoil in the TULF

Rivalry between the four partners of the Tamil National Alliance has only worsened since they got into the alliance. But rivalries within each of the parties seem to be a more serious problem. Recent moves to oust Mr V Anandasangari as President of the TULF ended up in street fight between rival factions in Colombo and a courtroom battle about the legality of the expulsion.

Some see in this a battle by proxy between the Indian authorities backing Mr Anandasangari and the LTTE backing his opponents. The truth is that, despite all appearances, rivalry between TULF leaders in the Jaffna peninsula is the central issue and not one of them will like to be accused of the slightest disloyalty to either.

### The Death of a Bhikku

Rev. Soma Thero was as well known for his extreme Sinhala Buddhist political views as he was for his populist fundamentalist approach to Buddhism. The religious minorities, especially the Christians and Muslims were frequently his targets, and his hostility towards the government's peace negotiations with the LTTE was no secret. He was, not surprisingly, the darling of Sinhala Urumaya and rabid Buddhist organisations.

His death as a result of heart failure while in Russia to receive a doctorate from a Christian institution was interpreted as a Christian conspiracy to kill the champion of Sinhala Buddhism by extremist elements, despite all medical evidence and medical opinion (including that of Sri Lankan Buddhist doctors) that the clergyman's death was because of natural causes and that, at the time of his visit, he had a heart problem, besides diabetes.

He was accorded a state funeral, which was held on Christmas Eve although he had died ten days earlier and his remains brought to the island at the weekend. The chauvinists made full capital of the funeral and accusations of murder were made during funeral orations as well. Several churches were attacked in the run-up to the funeral and the media is steadily whipping up Sinhala Buddhist sentiment. The campaign to mourn the death of the clergyman had deeper motives and is part of an attempt to portray the peace process itself as a (Norwegian) Christian conspiracy to undermine Buddhism.

Religious leaders of minority nationalities are only trying to placate the extremists by making concessions rather than standing up to it with the help of progressive forces.

## **Stirring Up Trouble in the East**

The past year has been one of conflict between Tamils and Muslims in the East of the country. Killings and kidnappings of Muslims, readily blamed on the LTTE by leaders of rival factions of the former Muslim Congress, led to violence in the Batticaloa and Amparai Districts. The violence has spread to the Trincomalee District, which has hitherto been free of communal tension between Tamils and Muslims.

Attempts by community leaders and local organisations to resolve the problems through discussion and by clearing misunderstandings have been hampered by the one-sided approach of the parliamentary politicians from each community. The hand of a 'third force' is suspected by the security forces, the LTTE and several Tamil political leaders. But the leader of the largest Muslim parliamentary group, Rauff Hakeem has rejected it as untrue.

What is of particular concern is that none of those who talk of the third force is willing to identify the main suspect.

The role of India in encouraging various parties to oppose the peace process and the recent warmth between the Hindutva

regime in Delhi and the Muslim nationalist Hakeem has not failed to raise a few eyebrows.

The tragedy of the Tamil and Muslim communities of the East is that narrow nationalist political leaders who are vying for supremacy within their respective electorates are keener to pose off as the defenders of their community from the 'enemy' community than to resolve the differences amicably.

## **An Opportunist Alliance**

The long anticipated alliance between the PA and the JVP came to fruition and a formal declaration is expected early in 2004. Differences were once reported between President Kumaratunga and the JVP on the national question, with the latter taking a hard line on a negotiated settlement for the armed conflict and the granting of any form of autonomy for the Tamils. It is not clear how the difference has been resolved, but given the game of hide-and-seek played by the PA on the national question and the Sinhala Chauvinist line adopted by some of the leaders of the PA, especially Messrs Anura Bandaranaike, the politically frustrated younger brother of President Kumaratunga, and Sarath Amunugama, the PA media spokesperson, with their keenness for an alliance with the JVP, such an ending was rather inevitable.

The JVP's Marxist pretences do not fool many, despite the red banners at rallies, and its embracing a chauvinistic line has been roundly denounced three years ago, even by its erstwhile Trotskyite allies in Europe. Thus, this alliance with a bourgeois chauvinist party is all but natural, and an early election will be to the benefit of the JVP, which could only gain from the state of disarray in the PA following electoral defeat in 2002 December. There is resentment about this alliance within the PA and there are signs of open resistance.

The President, in the meantime, having asserted her executive presidential authority, has been talking about a government

of national unity comprising the ruling UNF and the opposition PA. What this would mean for the 'bargaining power' of the minority nationality parliamentary allies of the UNF and the PA, much resented by the chauvinists, is another matter. The prospects for this alliance are, happily for them and for the JVP, poor, and it is suspected to be ploy by the President to appear to be acting in the national interest rather than for political gain. Neither the PA nor the UNF MPs are keen to spend again on elections, particularly since many have not fully recovered the costs of the last two held in quick succession.

### **Claiming Credit to Bag the Votes**

Each of the trade union based political parties in the Hill Country has tried to claim the lion share of the credit for the full restoration of Sri Lankan citizenship to all persons of Indian origin who are resident in Sri Lanka and their descendents even if they have been issued with Indian passports under the infamous Sirima-Shastri pact of 1963.

The struggle of the Hill Country Tamils, disenfranchised in 1948 by the first UNP government, following the so-called independence of the country, has persisted over half a century and been supported by all progressive forces in this country. The opportunist leaders who make alliances with whichever the chauvinistic party in power have always tried to explain every success in the restoration of citizenship rights as their achievement, concealing the important role of mass struggle in it.

It should also be noted that the unopposed passage of the bill in parliament in September 2003 was also because the present electoral system and the political disarray of the Hill Country Tamil leadership does not pose a serious threat to the forces of chauvinism.

What is important is that the restoration of citizenship should not be reduced to a mere swelling of the vote bank for the opportunists, but a major step towards the members of the



community enjoying their full rights as citizens, free from oppressive and discriminatory practices of the past. This requires, in the first place, the recognition of the Hill Country Tamils as a nationality with the inalienable right to self-determination.

### **Tenth Commemoration of Comrade Sanmugathan**

The Tenth Commemoration of Comrade Shan, organised by Sanmugathan Centre for Marxist Studies, was held at a very well attended meeting in the Ramakrishna Mission Hall in Colombo on 17<sup>th</sup> August 2004. Dr VP Sivanathan of the University of Jaffna delivered the memorial address. '*Sanmugathan Katturaikal*' a collection of over twenty hitherto unpublished essays by Comrade Shan on major national and international issues, the communist movement and Marxist philosophy, in Tamil translation, was launched by SK Senthivel, General Secretary, New Democratic Party, and commented on by Ajith Rupasinghe of the Anti-Imperialist People's Alliance, T Satchithanathan, Attorney-at-Law and Dr MS Thambirajah. EThambiah, Co-ordinator of the SCMS delivered the welcome address. Professor S Sivasegaram, who had translated the essays, chaired the meeting.

### **Celebration of Cuba's Forty-fifth National Day**

The Forty-fifth National Day of Cuba falling on 1<sup>st</sup> January 2004 was also marked as the Day of Anti-Imperialism by the People's Forum for International Solidarity. Siva Rajendran, Senior Lecturer, Sri Pada College of Education, delivered a special lecture on 'The Cuban Liberation and Revolutionary Lessons' to an enthusiastic audience.

A debate on the subject 'Who is the Enemy of World Peace, Bush, Kofi Annan, or Saddam Hussein?' was followed by revolutionary songs by Cem Malarkal' group of musicians. E Thambiah, Central Co-ordinator, PFIS, chaired the meeting. P Gopinath delivered the welcome address and T Janamahan the vote of thanks.

## International Events

### To Lift a Stone to Drop it on Ones' Own Feet

US imperialism and its closest ally, the so-called New Labour Government of UK, are in deep trouble in Iraq. They have failed miserably to return Iraq to any kind of order. The interim administration that they set-up including Iraqis loyal to them hardly enjoys any credibility and plans for transfer of power to an Iraqi administration, which was advanced by several months because of pressure from within Iraq and internationally, are in difficulty.

The expectation that the Shia majority in southern Iraq, which was severely oppressed by the Saddam Hussein regime, would side with the invaders did not materialise. The Shia community is now increasingly aware that the US is in Iraq to advance its interests and not to look after them. US alliance with certain sections of the Kurdish nationalists in the north is under strain owing to pressures from the US allies in Turkey. The US cannot but disappoint its clients in the north and the south of Iraq.

As the US and British armed forces try to crack down on Iraqi resistance, innocent Iraqis are getting killed by them while crime thrives unchecked. Attempts by the US to coerce the international community to come to its rescue in Iraq have failed and even governments that approve of the US role in Iraq are not willing to make serious commitments.

The capture of Saddam Hussein in December 2003, although it helped to improve the approval ratings of Bush and Blair a little, has not counted for much in Iraq. If at all, the resistance has become stronger. However, there is the danger to Iraq that prolonged US presence will strengthen the newly emerging Muslim fundamentalists, who will capitalise on the anger and frustration of the Iraqi people against a powerful invader.

### Nepal: King vs People

The King of Nepal, Gayendra, the chief beneficiary of the slaughter of the royal family, emboldened by backing from the

expansionist neighbour and the global superpower, has once again resorted to old tricks. His refusal to restore democratic rule in Nepal has angered the main political parties, and mass opposition to his dictatorial regime is growing.

More importantly, the failure of the King to take advantage of the peace offer from the Maoist revolutionaries who control much of the Nepali countryside and the breakdown of negotiations have led to fresh hostilities and, after few initial setbacks, the Maoists have gained the military upper hand in the regions under their control.

The people of Nepal now see that the King's stubborn anti-democratic position is largely due to backing from foreign powers that seek to control and dominate their country for strategic and economic reasons. The longer the King resists the pressures to restore democracy and to negotiate with the Maoists the bloodier will be the conflict on every front in Nepal. However long it may take and however much the support is from foreign powers to the King, the downfall of the monarchy is inevitable.

## **Taming of Libya**

US imperialism has finally vanquished Muammar Qaddafi, once a symbol of Arab and African defiance against imperialism. Qaddafi was one of the firmest supporters of the South African liberation struggle and made no secret of his sympathy towards various anti-colonial and anti-imperialist struggles, including that of the IRA against the British.

The act of terror that caused the Lockerbie plane crash in 1984 was blamed by the US on Libya and the international community universally condemned US aerial bombing of Libya in 1985. The US and the UK persevered in their efforts to make a scapegoat of Libya, although there was evidence pointing towards other culprits. Two Libyans who happened to be outside the country were accused of the crime and Libya refused to deport them for trial in any county where the judiciary was likely to be prejudiced against Libya, and without valid evidence against the accused. This was used

to tighten US-led sanctions against Libya, whose tremendous accumulated assets in the US had already been frozen.

Libyan defiance lasted well over a decade, but with the US established as the sole superpower and the weakening of the national bourgeois leadership of much of the Third World, not to mention the treachery of reactionary Arab regimes, Qadaffi's resolve weakened under economic and diplomatic pressure. A European kangaroo court sitting in the Netherlands was allowed to try the two Libyan suspects, of whom only one was convicted on rather flimsy grounds. This was rather curious since one Libyan seemed to have single-handedly accomplished this act of terror, and the US and the UK showed not the slightest interest to find other 'collaborators'.

Libyan hopes of the removal of trade barriers following its agreement to pay compensation came to nought and the US extracted the maximum price for it by demanding that Libya rid itself of its weapons of mass destruction. Having made the first concession of agreeing to allow its citizens to be tried by a prejudiced legal system, there was no turning back. The US, having tasted blood, is now out to get Syria and Iran.

Experience has shown that only way for any Third World country is to stand up to the US, and not to compromise. But that requires a principled proletarian stand like that of Cuba, at the doorstep of US, but defying the mighty imperialist power.

## **A Shameful Speech**

The lecture by the Chinese Premier at the Harvard University in November 2004 has shocked even those who had a faint hope that there was something worth salvaging in the leadership of People's Republic of China. The speech had nothing to inspire socialists and drew on Chinese tradition and American liberal values to please a capitalist audience.

What offended many who have thus far been accommodating towards the so-called 'socialism with Chinese characteristics' was the failure of the Chinese premier to refer to any Chinese national hero since Sun Yatsen. His shameful effort to avoid

mentioning the communist revolution and its principal architect only confirmed that the Chinese leadership has gone far beyond what the capitalist roader Deng Xiaoping would have hoped to have if he was alive.

### **Latin America Defies *Pax Americana***

The masses of Latin America are increasingly asserting themselves against US imperialism and its lackeys at the helm of the affairs of Latin American countries.

Venezuela celebrated the fifth anniversary of its Revolution in 2003, after defeating a US-inspired *coup d'etat*, 'demonstrations for democracy' by the socially better off sections against President Chavez and other such attempts by reactionary forces, with US backing.

Brazil voted to power for the first time in its history a left candidate, Lula da Silva, as president. Later in the year, in neighbouring Bolivia, the people got rid of their reactionary President Gonzalo Sanchez through mass agitation.

The people of Puerto Rico celebrated the withdrawal of US troops from their soil. Defiance of corrupt authorities is the order of the day in Peru, Nicaragua and elsewhere.

The Columbian rebels are holding their own in their territory and carrying out a valiant struggle against the US-backed regime in Bogota.

In Argentina, the masses successfully forced the government to take a stand against the diktat of the IMF. Also Brazil, Argentina and Venezuela are taking a defiant stand against US efforts to set up the Free Trade Association of the Americas; meanwhile regional economic alliances are asserting themselves.

US attempts to isolate and harass Cuba have backfired, and Latin America, once the backyard of US imperialism run by tin pot dictators loyal to the US, is today a sea of mass opposition to the US. The question is how the mass upsurge is to be transformed into a struggle for revolutionary change.

## Final Count

By Bobbi Sykes

(Australian aboriginal woman poet)

The children are dying /  
In terrible numbers of  
Malnutrition and  
Related diseases and /  
We do not count their numbers  
Amongst the brave dead of  
Our revolution /  
Yet their blood is surely spilled  
As though shot upon the street /  
Had they lived  
Long enough to die

We must count them /  
**We must count them /**  
For if we do not  
They would have died in vain.