

## **Position Paper of the Marxist-Leninist Communist Party of Ecuador**

### **Introduction**

In the current world scenario, the promises made by the ideological and political circles of imperialism after the temporary defeat of socialism have been shattered by international reality. The most prominent ringleaders of the world's great powers were exultant at the "death of communism" and spoke about the establishment for the third millennium of a "new world order" unlike anything humanity had ever experienced.

They claimed that globalization of the economy was the model of the "new relations" between States and countries; that supposedly international "free competition" would be the basis for the construction of the global economy in which, according to its apologists, capitalism would have lost its oppressive and exploitative character.

This "new order," proclaimed by the ringleaders of imperialism and reaction, would mean the end of economic crises, a revival and rebirth of social, economic and political rights; supposedly there would be no more aggressions and military offensives against the backward and dependent countries, local wars would be eliminated, etc., etc.

The workers, youth and peoples of the world are coming to understand that this has been nothing but a vain pipe dream, an illusion skillfully created and sold to the working masses and all the peoples. There has been a gradual awakening to the perverse and bloody deception that these lies meant and that they were only intended to mask the oppressive and exploitative character of the capitalist system of the monopolies and the great powers that dominate the international scene.

We, the revolutionary left, the Marxist-Leninists, have managed to assimilate and cope with the blows that finance capitalism and imperialism have dealt the revolution, the workers and peoples owing to the counter-revolutionary wave experienced after the collapse of socialism. In difficult circumstances we confronted and resisted the reactionary onslaught and pointed out that this "new world," promised to humanity by its natural enemies, was part of the reactionary ideological and political arsenal, aimed at deceiving the working masses to misdirect or quell the fights of the oppressed to achieve substantial changes in their way of life, as well as to seek the profound structural changes that would resolve the main problems that affect society.

In short, if one looks at world events and if one analyzes reality objectively, we can agree that the essential oppressive, predatory and anti-human characteristics of capitalism in its current phase, imperialism, remain fully valid, and in some cases aggravated.

The economic plunder and political oppression by a group of "advanced" powers against countries that suffer from dependence on these very nations and that cause them to remain backward, precisely due to those chains of domination by the monopolies, trusts and financial

groups; due to the oppression and force of the reactionary imperialist governments and the political and military circles that support that dominance.

The permanent threats, if not open military interventions to ensure the zones of domination of one or another imperialism; the advance of the arms race; the blackmail, pressures and economic boycotts that do away with the principles of non-intervention in the internal affairs and the free determination of the peoples, seriously violating the independence and national sovereignty. Local wars to ensure the presence or impact of this or that imperialism on the world stage.

### **The world is developing amidst deep contradictions**

Internationally, it is clear that the capitalist world is embroiled in complex and profound contradictions that mark the course in all forms of the economic, political, social, military, diplomatic and cultural life of the system. These contradictions, in the first place include primarily those confronting the world of labor with capital, the working class with their employers, the bourgeoisie and the monopolies. On the ideological and political plane, there is also evident the contradiction between the historical antagonists of the period, socialism and capitalism.

The peoples, the dependent and backward countries are facing to varying degrees and extent the designs of imperialist oppression, regardless of what these countries call themselves or their location, in the defense of their interests and needs; it is the monopolies which are plundering their main wealth, which are establishing their hegemony in the markets, taking advantage of and super-exploiting the labor power of millions of workers around the world.

Particularly, the ambitions of the monopoly groups of the international bourgeoisie and of the world powers, the material interests and the pursuit of geopolitical, regional and world hegemony, lead to confrontations among the imperialist countries, who are contending worldwide; they both collude and quarrel in their competition and rivalry, gravely jeopardizing world peace, the sovereignty and independence of the peoples and nations, the environment, the natural wealth, the existence and welfare of the workers and peoples, the survival of ancestral cultures.

### **The fundamental features of imperialism are still valid**

To the Marxist Leninist doctrine belongs the credit for having studied in depth the economic bases of modern capitalism. Lenin in particular, one of the classics of scientific socialism, pointed out that the emergence of monopolies is the economic essence of imperialism, precisely as a consequence of free competition.

One of the aspects of imperialist expansion, of the need for its unequal and anarchic development, is the export of capital ranging from industrial, banking and financial centers of the large cities to the farthest reaches of the planet; in this way the urgency is created for the powers and monopolies to carry out a new division of the world, which is already basically divided up. The

reconquest of the world by imperialism cannot but lead to the emergence of a knot of contradictions and the competition among the powers and monopolies themselves that impose the real "law of the jungle" in order to assert their interests and ambitions.

Therefore, we revolutionaries have understood that the features of reactionary violence, of violation of the independence and sovereignty of the countries, national oppression and plunder, the persistent tendency to occupation and even annexation of territories, the blackmail and threats and even military interventions, the perverse secret and open diplomacy, the espionage and elimination of liberties, are the essential characteristics of imperialist domination that we can now see in different regions of the earth, with a dangerous tendency to become generalized and deepened in their most dangerous expressions.

At present, a new correlation of forces is taking shape among the world powers and imperialist blocs, of the various monopolies, banks and financial groups that control the economic and political life of society as a whole. They are contending over different regions of the world; they are developing the work of penetration and extending their tentacles to the farthest reaches of the earth.

### **U.S. imperialism is losing its hegemony**

The U.S. power, which undoubtedly remains the leading world power, having been the starting point of the crisis of 2007 and 2008 of the "mortgage bubble," has managed to gradually recover from the severe recession, which has taken several years.

This, as a result of the various measures taken, has yielded favorable results overall. A technological recovery is taking place in various branches of the industrial process such as the production of electrical and electronic machinery, chemicals, aerospace and pharmaceutical industry, production of shale oil and gas, in which it has taken the lead globally, all of which amounts to 21% of its-GDP.

The U.S. has recorded a public debt of \$16 trillion (million million) in 2013, equivalent to 110% of its GDP. In 2014 it achieved an economic growth of 2.2% with ups and downs,, with an overwhelming State debt in relation to (estimated) GDP of 105.1% for 2015, one of the three countries in the world with the highest debt in that regard. (IMF / *World Economic Outlook Database*. Latest data available.)

The real unemployment rate has risen to 11.5%; salaries have not increased enough to pay for necessities; social inequalities have increased since the 1980s and have now reached their highest point in a century; according to surveys in 2014, most people in the U.S. believe that their country is still undergoing a crisis.

According to the source quoted, there are 22.7 million unemployed, equivalent to 14.7% of the people able to work, in particular 21.8% of that total are people under 18 years old.

On the other hand, 49.6 million people are living in poverty, according to the United States Census.

It is worth noting that of the 500 largest companies in the world, 133 are based in the United States, which is twice the total of any other country in the world. Yankee investments in foreign countries total \$3.3 thousand million, while companies from other countries are investing in US territory in the amount of \$2.4 thousand million, placing them first in the world in this regard.

The destination of U.S. exports is mainly shared among Canada with 19.4%, Mexico 12.8%, China 7.2% and Japan 4.7%; in relation to imports, China ranks first in countries from which the United States imports with 19.5%, then Canada with 14.2%, Mexico 11.8%, Japan 6.3% and Germany 4.3%.

Some of these economic indicators allow us to analyze the economic difficulties of U.S. imperialism and the reason why it is experiencing a sustained loss of hegemony in the capitalist system. In some cases it is thought to have been surpassed by others, such as China, but this is only a perception that is not supported by figures that show the economic reality.

### **China: its features and penetration in Latin America**

The so-called People's Republic of China, after the open betrayal by its leadership of the principles of socialism and the revolution, has embarked on the path of the most rampant capitalism, has gone on to compete and share with the other world powers the desire for domination at the international level and particularly in contemporary Latin America.

The Communist Party is the commanding force that concentrates all the powers in that Asian country. It uses that name in an attempt to perpetrate a fraud on the people, but ideologically, politically and organizationally it has absolutely nothing to do with the principles of socialism, of Marxism-Leninism or the revolution.

In China, as the effect of the global crisis and the decline of trade has seen its economy shrink from the double digit growth of a few years ago, to 7.4% in 2014, a situation that had not occurred in the 14 previous years; according to economic experts, the growth will continue to slow through 2015, to below 7%, due to the sluggishness in the real estate market and the construction sector.

The program of reforms of the CPC until 2020 includes closing the forced labor centers, greater independence for the local justice courts, relaxation of the one-child policy; the reform of the "hukou" that prevents citizens from moving freely throughout the country and the access of citizens to public services, in order to ensure an adequate supply of labor power.

There are great differences in living standards between the cities and the countryside, between the urban areas of the East Coast and the interior and the West; between the middle classes and those forgotten by the economic growth. Poverty still affects 10% of the population (that is, over

120 million people), who live on less than \$1 a day (IMF, *World Economic Outlook Database*, latest data available).

China's GDP is estimated at more than \$11 trillion. The State debt in relation to GDP (estimated for 2015) is 41.8%, which as one can see is an important anchor for the advance of the economy.

In fact, China has now emerged as the second largest world power. In 2013 it invested globally an amount of \$73,000 million (according to OECD statistics), but until early this year it noted an increase of 17% on investments compared to last year and 36 times as much as it invested 10 years ago.

Now it is the third largest country in Foreign Direct Investment, after the United States and Japan. China is no longer looking primarily to purchase raw materials and now wants to enter into investments in industrialization. It believes that countries with large agricultural production or that possess more than enough raw materials, hydrocarbons, etc. for example, have a great capacity for borrowing, independent of the reasons for their backwardness.

China is the second largest source of imports for the region [Latin America and the Caribbean], having risen to 16% of the total, and the third major destination for its exports (9% of the total), according to the sources of the Economic Commission for Latin America and the Caribbean, ECLAC, although the regional body pointed out that due to the reduction in prices of raw materials and the slowdown in the growth of the Chinese economy, this bilateral trade will no longer grow at rates as high as those that have been recorded in the last fifteen years.

Argentina and Venezuela have obtained Chinese loans from the eastern banks. China has loaned \$3,500 million to Petrobras, which helped it resolve the corruption scandals that have broken out in the Brazilian energy giant (<http://www.ips.noticias.net/2015/02/argentina>).

During the tour by the President of [China's] Eximbank through some Latin American countries, especially Brazil, at that time he made the offer to invest \$10,000 million in the Latin American continent.

Since last May China has chosen Chile as its financial base, establishing the first clearinghouse bank for the yuan or renminbi (its currency) in Latin America, with an initial investment of \$189 million. It announced a contribution of \$8 thousand million dollars so that foreign institutional investors could invest directly in the stock market in that country; both countries agreed to explore the strengthening of the bilateral Free Trade Agreement that has been in force since 2006 and covers 97% of trade between Chile and China.

### **The penetration of Chinese imperialism into Ecuador**

Since 2007 a closer relationship has developed between the Ecuadorian State and China, especially in terms of loans, oil exploitation and sales of services with the Asian giant.

According to the magazine *Analisis Semanal (Weekly Analysis)*, published in our country, Chinese investment has generally been in projects with low risk and high returns, such as oil and mining, which China entered by acquiring shares in other companies that had already initiated projects or ensuring the establishment of secure reserves in the investment projects.

For now, in the case of Ecuador it has financed the construction of works such as hydroelectric plants, for example Coca Codo Sinclair, whose contracts ensure the participation of its enterprises and its technical and operating staff, who according to reports were given a highly precarious treatment in regard to their rights and security. In the various contracts, the pattern of risk remains with the Ecuadorian State itself.

In January 2015, the Export Import Bank of China, Eximbank, pledged an investment of \$5,296 million for various projects of mobility, health and safety in a meeting with President Correa, who as we know toured the Asian giant, looking for commitments to loans and investments in that country.

Andes Petroleum and PetroOriental, subsidiaries of CNPC (China National Petroleum Corporation) took over operations of the Tarapoa blocks 14 and 17 after buying the shares of the Canadian oil firm EnCana in 2006. But China also has promoted five anticipated sales of Ecuadorian crude oil, extending a loan of \$10 thousand million to Ecuador at an interest rate of 7%, which shows the voracity of eastern imperialism, but also the outrageous betrayal of the Correa government in meekly accepting these imposed conditions.

Ecuador's foreign debt with China was \$4,633 million; the oil sales to that country surpassed 80% of total exports, while the foreign direct investment of China in Ecuador was only \$88 million in 2012.

The Chinese company Tiesiju, which built part of the multi-purpose project Chone, withdrew from that project because of serious problems with the contractors, workers and the community itself, which rejected its presence.

In 2011 and 2012 Chinese companies such as Huawei and ZTE were awarded contracts worth more than \$150 million for land-line, mobile and Internet phones; ZTE filed claims against the Ecuadorian State for having allegedly been harmed in the awards process.

The Chinese company CRCC-Tongguan took on the operation of the Mirador copper mining project in Zamora Chinchipe for the final phase of exploration, this time buying the rights from Canada's Corriente Resources. In 2012, the Chinese company signed the first large-scale mining contract; meanwhile the Junefield Company acquired the Rio Blanco gold project in the province of Azuay.

By 2011 Ecuador's Embassy in China announced that Chinese investment in the country was about \$6,500 million.

On January 7, 2015, five financing agreements were signed in Beijing with banks for approximately \$7,500 million: a concessional loan with Eximbank destined for social projects, mobility, irrigation and infrastructure; additionally \$250 million was agreed to for the so-called change in the energy matrix relating to the provision of induction stoves.

President Correa himself and other officials of his regime have stated that Chinese industry will provide half a million induction stoves to introduce their use in what the government calls the change in the energy matrix. A lot of propaganda has been launched, although the benefits of these stoves have been questioned by large segments of the population and there are many difficulties with their introduction into Ecuadorian households.

### **The role of the revolutionaries together with the workers, youth and peoples**

Faced with the current situation in which humanity itself is suffering from the offensive of imperialism whatever it calls itself, we have to occupy the front ranks in denouncing and confronting decisively and clearly all the crimes and reactionary designs and inequities caused by the enemies of the humanity.

We think that the fight against imperialism is inextricably linked to the fight that the workers and peoples must face against the anti-national and anti-people policies of the governments that, whatever they call themselves and with the most varied discourse, serve the interests of imperialist penetration.

In the case of Latin America, we need to understand and expose how the action of imperialism is unfolding in each of our countries and at the international level. The so-called alternative governments and the openly right-wing ones facilitate the penetration of the monopolies and the foreign banks through handing over the resources for exploitation, they open up the markets for monopoly industry and develop the policies of "flexibility," which means the cutback or elimination of labor rights and public liberties to allow the super-exploitation of the labor power of the working class.

In this area, the Correa government is promoting a tenacious demagogy of supposed "service to the poorest" and "defense of the national interests", sometimes exhibiting anti-U.S. positions that have led to the handing over of the country's resources to Chinese penetration in projects such as those mentioned; loans and facilities for investment, although the United States remains Ecuador's main economic partner.

To develop actions to expose this sell-out policy; to mobilize the popular forces against these policies; to work for the left and progressive forces in Latin America to coordinate support and solidarity with our struggles; in the midst of actions we are developing a broad anti-imperialist front to oppose the plundering of our resources, assume the defense and preservation of our sovereignty and independence, of the rights and aspirations of the workers and peoples, making them play the leading role in these battles.

## **Marxist-Leninist Communist Party of Ecuador**