# *Imperialism and Revolution*

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Program #19
Instability in the neocolonial Republic
December 26, 2019
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In our last episode of Imperialism and Revolution, we saw that the United States was able to establish a republic in Cuba that was characterized by U.S. commercial, financial, and ideological penetration. The United States would soon learn, however, that neocolonial republics are vulnerable to instability.

Two conditions are necessary for the stability of a neocolony. The first is economic. The neocolony and the neocolonial world-system must have sufficient resources to partially satisfy popular demands, so that the state in the neocolony can make use of concessions (combined with political repression) to limit the influence of the revolutionary sector of the movement leadership, which seeks a structural transformation of the neocolony. The second condition is political. There must be commitment by the core neocolonial power to satisfy the material interests of the figurehead bourgeoisie, which, as we saw in out last episode, is a national capitalist class totally subordinated to the interests of foreign capital. The satisfaction of the needs of the figurehead bourgeoise is necessary, in order to ensure that it will have sufficient interest and credibility to mobilize the political and ideological resources of the neocolony in defense of the neocolonial system.

In the case of Cuba, the necessary conditions for political stability did not exist in the period 1920 to 1933, because of economic and political developments both in Cuba and in the world-system. The result was that advanced revolutionary movements, beyond the capacity of the figurehead bourgeoisie to contain, emerged in Cuba from 1923 to 1935. The neocolonial republic entered a period of crisis.

The first sign of crisis was the bank crash of 1920, provoked by the abrupt fall of sugar prices during the second half of 1920. The vulnerability of a peripheralized economy to the boom and bust cycles in raw materials is a normal tendency, because of its dependency on one or two raw materials for export. Prior to 1920, Cuban sugar producers expanded production in response to high prices, utilizing loans obtained from Cuban banks. However, with the sharp fall in prices, Cuban producers were unable to meet debt payments to Cuban banks. The Cuban banks, moreover, were not using their own assets to lend to Cuban sugar producers; they had been functioning as intermediaries, borrowing from North American banks in order to make loans to Cuban producers. As a result, the fall of prices placed Cuban banks in a position of being unable to make debt payments to North American banks. Initially, the Cuban government protected the Cuban banks by decreeing a moratorium on debt payments by Cuban banks. But North American companies located in Cuba as well as the U.S. government of Franklin Roosevelt, acting on behalf of the interests of North American banks, pressured the Cuban congress to enact laws in 1921 that ended the moratorium and that established procedures for the liquidation of Cuban banks and the reorganization of the banking system of the country.

As a result of the new laws, twenty Cuban banks closed. At the end of 1920, 80% of deposits in banks operating in Cuba had been in Cuban banks, but by the end of 1921, 69% of Cuban bank deposits were in foreign banks operating in Cuba, led by the National City Bank of New York and the Royal Bank of Canada; at the end of 1920, Cuban banks had been the holders of 71% of bank loans, but by the end of 1921, foreign banks operating in Cuba held 82% of bank loans. As Jesus Arboleya has written, “North American financial capital became the proprietor of the national wealth as well as the monopolist of the system of commerce and credit, which meant the nearly total denationalization of the sugar industry and banking of the country.” Aggravating the situation, US sugar producers, responding to the lower price of sugar, pressured the U.S. Congress to modify the Reciprocal Trade treaty of 1903 and to increase the customs duties on Cuban sugar during 1921 and 1922, with negative consequences for Cuba.

These political decisions by sectors of the U.S. power elite had the effect of reducing the power and authority of the Cuban figurehead bourgeoisie, thereby reducing its capacity to fulfill the ideological and political functions necessary for the stability of the neocolony. And this occurred precisely at a time when the declining price and market for sugar was having negative consequences for Cuban popular sectors, reducing income and increasing unemployment. The deteriorating social and economic situation of the popular sectors in the early 1920s gave rise to the emergence of leaders who could channel popular discontent into popular protest. They established organizations that were able to analyze the denial of popular needs as rooted in the neocolonial situation; that named the national bourgeoisie as collaborators with an imperialist power, violating the sovereignty of the nation; and that could mobilize the people to collective social action.

During the early years of the neocolonial republic, workers had organized in defense of their rights. But the Cuban workers’ movement prior to 1917 was limited by tendencies toward apolitical anarchism (which disdains efforts to take power), trade unionism (which organizes workers separately in each trade), and reformism (which seeks concessions from the bourgeoisie rather than the taking of power by the working class). However, the Russian Revolution of October 1917 provided a stimulus to the evolution of the Cuban workers’ movement to a more advanced stage. In 1918 and 1919 in Cuba, as elsewhere in the world, an identification with the Russian Revolution and the assimilation of the principles of Marxism, connecting Marxist thinking to anti-imperialism, emerged, tied to an increasing tendency toward class unity as against craft unionism. Reflecting these ideological developments, there was a significant increase in strikes and mass action by railroad, construction, tobacco, and dock workers and truck drivers, putting forth demands that responded to the most important concrete needs of the workers, such as wage

increases, recognition of labor unions, and an eight-hour workday, in addition to political and social demands.

In the societies of the North, the capitalist class was able to channel the labor movement in a reformist as against revolutionary direction through a combination of repression and concessions to workers' demands, concessions that were made possible by profits generated through the superexploitation of the colonies and neocolonies of the world-system. And the labor movement in the North developed in a context of ideological justifications of colonial domination, an ideology of racial superiority, and a social custom of racial segregation. But the workers' movement in Cuba developed in a fundamentally different economic, social, and ideological context. In the neocolonial situation, the experience of foreign domination gave rise to anti-imperialist thought. Given this ideological context, the collapse of sugar prices and the banking crash led to the development of a labor movement in Cuba that was integrally tied to a popular struggle for national liberation, which saw the resolution of the problems confronted by workers as necessarily tied to the national problem of foreign domination. At the same time, popular consciousness in Cuba already had taken significant steps to overcome social divisions among whites, blacks, and mulattos, a process that had emerged in the anti-colonial revolutions of the nineteenth century and was reinforced by the theoretical legacy of Martí. Thus, an anti-imperialist popular movement that integrated questions of class and race was beginning to emerge in the early 1920s.

At the same time, the dynamics of the neocolonial situation gave rise to a student movement, from which emerged an exceptional leader, Julio Antonio Mella, whom we will discuss in our next episode of Imperialism and Revolution.

This is Charles McKelvey, speaking from Cuba, the heart and soul of a global socialist revolution that struggles for a more just, democratic, and sustainable world.

Sources

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