

# RED STAR

## PLATFORM FOR COMMUNIST REVOLUTIONARIES

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***NO TO NUCLEAR POWER!  
NO TO NUCLEAR PLANTS!  
NO TO NUCLEAR ARMS!***



**Demonstration at Dombivli, Thane, Maharashtra on March 4, 2012**

# CPI(ML) SEVERELY CONDEMNS MAOIST ABDUCTIONS IN ODISHA

**T**HESE are days when the UPA government is imposing further price rises and other burdens over the common people under its neo-liberal budget, when even the existing workers' rights are snatched away, mounting attacks are unleashed on people's movements at Kudamkulam, Jaitapur, Kalinga Nagar, POSCO etc, and when the AFSPA-Army policing is making life intolerable for people of J&K and Northeast. This is also a time when the UPA govt is getting more crisis ridden than ever. The BJD govt in Odisha is also faced with mounting people's wrath against its pro-Corporate-MNCs policies.

At such a time by abducting two Italian tourists the CPI(Maoist) has provided a very good opportunity for the central and state government to divert people's attention from the crises faced by the ruling system and to mount attack on the people in the name of confronting 'left wing extremism'. Even it may be used to deploy army to these areas in the state, as already an army training camp is established in Jagdalpur in neighbouring Chhattisgarh in the name of meeting Maoist threat.

Instead of stopping the 'Operation Green Hunt' as the Maoists have now demanded, it is only going to be intensified as a result of this anarchist action. Even if they succeed to get some of their cadres released from jail as in the past as a result of the so-called 'peace talks', it will only become a further justification for the state forces to kill their cadres in fake encounters. This is an absolutely futile anarchist action which, instead of serving revolution, is serving the counter revolution. It should be severely condemned by all communist and democratic forces.

The CPI (Maoist) leadership has become so blind due to dogmatism that they are not ready to recognize the damage they are doing to the revolutionary movement. By their squad actions they destroyed the powerful mass movement in Lalgah in West Bengal which had blocked Jindal like corporates from that area, and opened the way for deployment of central forces and for Jindal to start its project.

While the CPI (ML) could lead mass movements and stop the SEZ in Ragnandgaon and partially stop the privatization of Sivnath river in Chathisgarh, in the stronghold of Maoists in Bastar, the Essar has succeeded to construct and operate 204 kms long pipe line to Visakhapatnam to loot the iron ore from Bailadila. There is no single instant anywhere in India where the Maoists could stop or block any corporate-MNC project through their anarchist actions.

Similarly, in the name of defeating CPI (M), they went to the extent of supporting the TMC in last year's assembly elections in Bengal as they are repeatedly doing in AP and Jharkhand, ultimately helping the forces of reaction.

When all the erstwhile socialist countries have degenerated to capitalist path and the communist movement is facing many theoretical and practical challenges in politicizing, mobilizing and leading the masses to the revolutionary path, such isolated squad actions and anarchist practice of the Maoists are not only against the basic tenets of Marxism-Leninism and Mao's contributions to revolutionary theory, but also ultimately serve the ruling classes and their imperialist masters as we are witnessing in the areas where the Maoist squads are operating.

It is unfortunate that not recognizing this, some intellectuals who are not ready to involve themselves in any revolutionary propaganda or practice among the masses get infatuated with the adventurist 'actions' of Maoists and get carried away by the media hype they attract. This section like the Maoist leadership is far away from the Marxist teaching that the **masses, masses alone are the creators of history**.

CPI (ML) appeals to these intellectuals and sections, influenced by the anarchist practice of the Maoists, to rethink and rectify their mistake. At a time when the imperialist system as a whole and the comprador ruling system in India are getting discredited and when objective conditions for revolutionary advances of the masses are becoming increasingly positive, the Maoist anarchist actions will only serve the ruling classes to attack the communist forces and weaken the people's upsurges as they are using the social democratic CPI (M) led forces for this purpose.

CPI (ML) appeals to all democratic forces and masses of people to oppose and severely condemn the anarchist line of the CPI (Maoist) leadership and rally with the revolutionary left forces for advancing the class struggle for achieving people's democracy and socialism. ●

***Nine Decades of Indian  
Communist Movement***

**(In Hindi and English)**

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# 22 APRIL : PARTY DAY

**O**N 22ND APRIL, the 43rd Party Day is observed by the CPI (ML) at a time when the Ninth Congress of the Party was successfully completed in November, 2011, adopting the basic documents of programmatic approach and strategic line for completing the People's Democratic Revolution, and when the Party re-organization at all India level and building of class/ mass organizations at all India level are advancing, along with numerous campaigns and struggles in different fields.

These are significant developments achieved, upholding the rich heritage of nine decades of the communist movement in India and more than four decades of the experience after the formation of the CPI (ML), rejecting the mistakes committed under the influence of right opportunism as well as 'left' adventurism, both of which had caused severe damages to the movement.

From the initial decades, in spite of the general line of the World Proletarian Socialist Revolution, which included the socialist revolutions in the capitalist-imperialist countries and PDR in the countries under colonial domination, charted out by the Communist International under the leadership of Lenin, the CPI leadership failed to apply it in the according to situation existing in the country then, and establish the proletarian leadership in the national liberation movement. Later it became influenced by the revisionist line that was emerging in Soviet Union.

Though the Communist Revolutionaries revolted against revisionist line of CPI leadership and neo-revisionist line of the CPI (M) leadership and formed CPI(ML), it came under the sway of the 'left' adventurist line that had come to dominance in the CPC by the time of its Ninth Congress in 1969. Always the basic mistake affecting the communist movement was the inability of the leadership to make a concrete analysis of the Indian situation and to apply basic Marxist-Leninist principles according to it to advance the People's Democratic Revolution (PDR).

As a result, in spite of the existence of excellent objective situation for advancing the class struggle, for establishing the leadership of the proletariat in the anti-colonial struggle during the British colonial rule, and later in the struggle against the big bourgeois-big landlord rule serving imperialism and to seize political power, the communist leadership repeatedly failed to advance the revolutionary movement. It could not go beyond mechanically copying some model, whether it is Soviet or Chinese. It failed to develop the Marxist-Leninist line and practice according to Indian conditions, while assimilating positive lessons of revolutions in other countries.

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The significance of the Ninth Congress of the Party was that for the first time it has made a break from these past mistakes and has made a concrete analysis of Imperialism in its neo-colonial phase, the phenomenal changes that has taken place during the post-Second World War period, the concrete situation in the country under neo-colonial domination and have developed the programmatic approach and path of revolution based on it.

As a result, the road forward is made clear for

advancing the PDR, upholding the spirit of proletarian internationalism as reflected in the role played by the Party in the founding of the *International Co-ordination of Revolutionary Parties and Organisations* (ICOR).

Let us observe the Party Day with full revolutionary spirit with the determination to advance the PDR in the present international and Indian objective situation which is becoming increasingly favourable for the forces of revolution. ●

## OBSERVE MAY DAY WITH REVOLUTIONARY SPIRIT AND ORIENTATION

**T**HE MAY DAY, the international working class day, is observed this year when the all round attacks on them in all fields are intensified by the forces of capital, thereby further sharpening the contradiction between labour and capital to unprecedented levels. Today there is not a single country in the world where this contradiction is not getting manifested in one way or other. In India the mighty general strike of tens of millions of workers on 28th February, irrespective of the reformist character of the leaderships of the trade union centres leading them, had revealed the potential of this vanguard class once they are politicized and mobilized. At many industrial centres across the country including the new centres like Gurgaon and Noida near Delhi repeated militant struggles are taking place for their basic rights.

This is the situation around the world also. Especially in Greece and in other capitalist countries including the US, millions of workers are coming out in struggles paralyzing the economies there. So if the international finance capital is intensifying its most barbarous attacks on the working class, the workers are also strengthening

their resistance struggles which are sometimes spilling over to militant offensives against the capitalist imperialist forces and their lackeys.

It is high time the communist forces recognize the potentialities inherent in this newly emerging situation, when the working class is becoming more politicized, mobilized and joining numerous struggles against their class enemy. The revolutionary opportunities created by the increasingly favourable objective situation become brighter if the unity of the working class can be strengthened further and they are increasingly transformed in to a 'class for itself' through continuous politicization. May Day is not a day for celebrations today as the working class has very little left to celebrate. It is a day for pledging to carry forward the struggle to overthrow the rule of imperialists and their lackeys. For this the working class should get mobilized and politically educated to shoulder this task. The challenge confronting the communist forces is to help the working class to prepare themselves for the historic struggles of coming days. While observing the May Day let us resolve to vigorously carry forward this task. ●

## BUDGET: PAMPERING MIDDLE CLASS ILLUSIONS WHILE NEO-LIBERALISM CONTINUES UNABATED

**T**HE Budget 2012-13 presented on 14th March is an ingenious move to broaden the neo-liberal constituency by effectively exploiting middle class illusions with studied silence on the devastating inflation, unemployment and destitution suffered by the workers, peasants and broad masses of toiling people in the country.

The decision to reduce the whole subsidies to agriculture, Public Distribution System (PDS), social, welfare sectors to below 2 percent of GDP, and move towards direct cash payment in the name of targeting the recipients, are all intended to prune the subsidy bill as directed by IMF and

World Bank. This will soon followed by decontrol moves and further rise in prices of petroleum products including diesel, petrol and cooking gas.

Step to raise personal income tax exemption limit to Rs. 2 lakhs and tax exemption to tax payers who invest up to Rs 10 lakh annually in stock market coupled with a host of privileges granted to Foreign Institutional Investors (FIIs), reduction in corporate surcharge by 5 percent, granting of 49 percent Foreign Direct Investment (FDI) in civil aviation, etc. which are aimed at ballooning the corporate-speculative sector, are at the behest of crisis-



ridden imperialist finance capital. Along with this increasing FDI in retail sector, infrastructure etc are sure to follow the budget. There is no effort to strengthen the resource mobilization on the part of the government by taxing the flourishing super-rich.

The budget shows an absolute reduction in direct tax mobilization by around Rs. 4700 crores. The net additional resource mobilization of Rs. 41000 crores comes from indirect taxes on the back of toiling people which also directly contributes to the rise in prices. There is no concrete proposal to deal with corruption and black money except high sounding sermons like bringing out a 'white paper' on it.. The increase in defence spending to Rs 195000 crores from the current year's Rs. 165000 crores should be seen as

part of the various arms deals arrived at with imperialist powers and in the context of the strategic defence agreements signed with US imperialism. The PPP/BOT scheme of road construction is further reiterated with the announcement of the completion of 8800 kms of national highways in this regard.

On the whole it is nothing but a continuation of the last budget which led to more inflation, stagnation in the fields of agriculture and industry and unprecedented continuation of the price rise. While it tries to pamper the middle class, it conceals more than it reveals. This budget is going to intensify the attack on the masses reducing them to more poverty and destitution. It should be exposed and opposed by all popular forces without any let up. ●

## OPPOSE COMMISSIONING OF KUDAMKULAM NUCLEAR POWER PLANT, INTENSIFY CAMPAIGN AGAINST NUCLEAR POWER !

**O**N 19<sup>th</sup> March the AIADMK ministry in Tamilnadu gave formal approval for commissioning of Kudamkulam nuclear power plant defying the people's opposition to it. More than 5000 police-para military forces were deployed in advance to impose the decision around the plant. Police action started with arresting and removing hundreds of fisher people and peasants, including the anti-nuclear activists from the area, have created a situation like a war of aggression against the people. The surrounding villages are terrorized with police searches and intimidation continuing round the corner. It is a heinous attack on the people by the state govt at the behest of the central govt.

The CPI (ML) calls on all the people to resist and defeat this attack by the ruling system. By mobilizing as many forces as possible dharna, protest marches, street corner meetings etc are already going on and the Anti-Kudamkulam People's Committee is planning a massive march to Kudamkulam from Tirunneveli. CPI (ML) appeals to all party comrades, all party committees to organize protest actions wherever possible against this barbarous attack by the ruling system. It appeals to all progressive forces to organize whatever forms of protests possible to resist this reactionary act of the govt to appease the international and national nuclear lobby and the Corporates-MNCs. ●

## CARRY FORWARD STRUGGLE AGAINST AFSPA AND POLICING BY ARMY

**W**HEN this note is being prepared the preparations for the Dharna at Jantar Mantar and Parliament March on 27th March are progressing well. A team of women comrades leading the Sharmila Kangla Lup (SHAKAL) who are actively supporting the struggle of Irom Sharmila in Imphal led by Maa Taruni are participating in the campaign in Delhi to make the dharna and Parliament March a great success. Delegates from J&K, Assam and other Northeast states are expected to participate.

A large number of comrades from UP, MP, Odisha, Rajasthan, Punjab and Delhi are participating. On the same day the CPI(ML) state committees are organizing dharna before the central government offices at various state headquarters raising the demands of Repeal AFSPA, Stop

Policing by Army. The CPI(ML) has appealed to all progressive democratic forces to join the dharna and march to raise their voice in support of the struggling people of Northeast and J&K.

As the state terror is intensified by the UPA government and army is deployed in Chhattisgarh also now in the name of a training camp, it is highly necessary that a platform of all democratic forces who call for repeal of AFSPA and for ending the policing by the army in Northeast and J&K is formed to continue the struggle for it uniting all the forces ready to come forward to support these demands. The 27th March program can become a launching pad for building such a platform. Let the struggle is continued in support of the demands of the people of Northeast and J&K. ●

# BUDGET 2012-13 : NEO-LIBERAL AGENDA BY PAMPERING MIDDLE CLASS

PJ JAMES

**M**ORE than two decades of neoliberal policies in India have created a strong middle class and a middle-class market corresponding to it. The ingenious move of Manmohan government through the central budget for the financial year 2012-13 is to accelerate neoliberalism by pampering the economic illusions of these middle class and upper middle class sections, drive the money in their hands to stock and speculative markets and winning over them as a solid base for further “reforms” with the offer of certain well-defined direct tax concessions and at the same time imposing heavier and heavier burdens on the backs of the broad masses of toiling people through the imposition of a host of indirect taxes and an across-the board downsizing of several subsidies and welfare expenditures for them. The principal objectives of the budget as claimed by finance minister himself during his budget speech such as “focus on domestic demand driven growth for recovery”, “lower inflation and higher savings”, etc. though will remain as non-starters, are clearly aimed at propping up the middle class sections as a solid constituency for further liberalization and privatization whose ultimate gainers are the corporate speculators.

The pre-budget Economic Survey presented to parliament on the eve of the budget had to admit that the country is passing through a stagflation (stagnation coupled with inflation) as exemplified through the respective stagnant 2.5 percent and more than 4 percent growth in agriculture and industry which are the employment generating productive sectors and more than 9 percent growth in the service sector whose main component is money spinning speculation that breeds inflation. But during his budget speech that continued for less than two hours, the finance minister found no time to mention on the unprecedented domestic deindustrialization, unemployment and underemployment, food inflation and agricultural retrogression confronting the country. For instance, instead of suggesting anything worthwhile to rejuvenate agriculture which though comprises only around 14 percent of the GDP but still provides employment and sustenance to more than half of the Indian population, the whole emphasis of the budget is on boosting the speculative spheres which mainly comprises the service sector that accounts for 59 percent of GDP but contributing only around 8 percent employment in the country.

A glance at the tax proposals and resource mobilization

efforts announced in the budget will make this point very clear. For instance, along with the raising of the personal income tax exemption limit to Rs. 2 lakhs, the new tax concession to the stock market investments by those having an income up to Rs. 10 lakhs per annum is intended to boost the bearish stock market and develop an equity culture in the country as in the case of imperialist countries. It is also expected to pave the way for large scale entry of foreign speculators called foreign institutional investors in to the stock exchanges and they are also allowed to invest in both government and private bonds in India. While the peak rate of corporate tax remains unaltered at 30 percent, the budget has also announced substantial reductions in capital gains tax, tax on equity transactions and corporate surcharges. In brief, the neoliberal trend of declining tax burden on the corporate and super-rich sections unabatedly continues in this budget also.

According to reliable estimates, just 100 hundred corporate houses in India own 25 percent of the country’s wealth. Around 200 super rich controls almost 90 percent of the country’s assets. There is nothing in the budget in the direction of imposing even minimum wealth tax on them. A flourishing sector of the economy is that of the highly speculative futures and derivative markets in equity, currency and commodity exchanges where the value of such turnovers runs into trillions. It is estimated that a one percent tax on equity derivatives alone will yield almost Rs. 3 lakh crore as governmental revenue. A one percent tax on tax on the so called “futures” and “options”, which are recently invented financial derivatives in the equity market could have resulted in about Rs. 8 lakh crores. Such a tax would be justified by the bourgeois principle of “equity” and “capacity to pay” while at the same time immensely contributing to the resource mobilization of the government. The ruling clique which is under the payrolls of speculators cannot obviously experiment with this economically, socially and morally justifiable tax on speculation.

Thus after reducing the net direct tax collection in the 2012-13 budget by about Rs. 4700 crores relative to the previous budget, the Manmohan government has imposed an additional resource mobilization of Rs. 45940 crores entirely through indirect taxes on a variety of goods and services, the whole burden of which is solely borne by common people ( According to the Arjun Sengupta Committee of the Planning Commission 80 percent of Indian

population has an income of only less than Rs. 20 per day). As a result of the neoliberal tax measures, the tax-GDP ratio, as put forward by finance minister, has become 10.6 percent while at the same time claiming that India is becoming the fifth leading economic power in the world. During the Nehruvian period that lingered on until the eighties, the tax-GDP ratio had been around 15 percent. In some Scandinavian countries where remnants of Keynesian welfare state prevails, the effective direct tax rates as a proportion of GDP still hovers around 40 percent. In India, on the other hand, the net tax payable by corporate and super rich sections has become negative in view of the innumerable tax exemptions and indirect subsidization granted to them especially by the Manmohan government. As we have pointed out in the last budget analysis, during the 6 years from 2006 to 2011, the tax exemptions given to corporate houses by Manmohan government were in the range of Rs. 22 lakh crores. In this budget also this trend continues without any let up.

While the budget is thus oriented towards building up a bubble economy by attracting speculative foreign capital and boosting the corporate houses and super rich through so many tax-giveaways on the one hand, and the purchasing power of the broad masses is declining on account of rising unemployment and inflation on the other, the government has unequivocally declared its decision to bring down its subsidy bill for all social welfare and rural development programs to less than two percent of the GDP in this budget and further reductions in the coming years. The practical implication of this heinous move has become very clear when, following the budget, the Planning Commission under the IMF pensioner Montek Singh Ahluwalia has come out with a renewed definition of poverty line. Accordingly, those who are capable of a daily expenditure of Rs. 28.65 in urban areas and Rs. 22.43 in rural areas are above poverty line. It implies that such people will no longer be placed in the BPL list prepared by the government and will be excluded from food subsidies and other welfare payments.

It is estimated that by this redrawing of poverty line has pushed almost 60million people above the official poverty line and to that extent the subsidy bill will be reduced as declared in the budget. Interestingly, the affidavit submitted by the central government to the Supreme Court in October 2011 had maintained that those with an expenditure of Rs. 32 per day in urban areas and Rs. 26 in rural areas were above poverty line. Obviously, it is the budget proposal of pruning subsidies to the poor and weaker sections further that prompted the government to come out with a new definition of poverty line in violation of its own earlier affidavit to the apex court. That the expenditure or earning stipulated by Planning Commission is quite insufficient for satisfying the basic needs such as food, medicine, education, etc. which are essential for a life of dignity is very obvious. Even the World Bank one of the

neocolonial pillars of finance capital, after an assessment of the global situation including prices, has arrived at a definition of global poverty line which is \$ 1.25 per day. On that basis, one should have a minimum of Rs. 60 per day for meeting life's sustenance. As a matter of fact, even under the existing subsidy scheme, the per capita daily availability of food grains in the country, has been steadily falling under Manmohanomics. On an average, while the daily per capita availability of food grains was 474 grams in 1991, the year in which neoliberal policies were initiated, it declined to 440 grams in 2010, when India's food grain production reportedly hit a record of 235.88 million tons. It is estimated that food grain production would be 250 million tons in the financial year 2011-12. Though the latest figures of consumption data are not available it can be presumed that the trend of declining per capita food availability will be continuing unabated in spite of record food production and large buffer stocks. With the legalization of hoarding, black-marketing and speculation in food grain by the establishment of futures trading, under Manmohan Singh common people's accessibility to food is fast declining. In connection with this, the 2011-12 budget has proposed a strict targeting of food subsidy by giving direct cash payments to beneficiaries. As the experience of the Targeted Public Distribution System (TPDS) implemented earlier shows, this is also a sinister move on the part of the government to exclude vast sections from the PDS net and reduce spending on subsidies.

The 2012-13 budget estimates reveal a government borrowing of Rs. 470000 crores and an interest payment of Rs.320000 crores which are quite unprecedented. This arises from the reluctance to tax the rich and corporate sections, and since the borrowings are not for any capital investment by government as all infrastructures social overheads are sold out to corporate capitalist plunder, this rise in interest payment should be considered as non-productive waste of the revenue generated along with the huge defense outlay of Rs. 192000 crores which goes into the pockets of notorious arms dealers and middlemen of various hues leading to dumping of obsolete weapons on the country. While the wealth accumulation in the civilian sector by parasitic finance capital is often exposed through notorious scams and swindles, that in the military is effectively camouflaged by the politician-bureaucrat-corporate nexus through a series of secrecy regulations in the name of national security. Every year, imperialist weapon manufacturers and arms merchants are keenly looking towards the allocations earmarked for the military by the central budget.

In spite of a total outlay of Rs. 14.90 lakh crores, the budget 2012-13 has once again reiterated the UPA government's resolve to systematically withdraw not only from social welfare spending but also from essential infrastructures like roads, seaports, airports, etc. The so called PPP (public-private-partnership) model where projects

are to be completed on the notorious BOT basis and the cost ( which of course will be several times of the real cost as determined by the BOT mafia composed of the political bosses, bureaucrats and corporate leaders) be recovered through an indefinite period of toll/user charge collection from people will be pursued ruthlessly. As an example, during his budget speech Mukherji, the finance minister announced an immediate plan of building up 8800 kilometre of national highways based on the BOT model.

Along with the process facilitating corporate invasion of essential infrastructures, the budget has also put forth a disinvestment target of selling out Rs 30000 crores worth of profit-making strategic public sector undertakings to corporate speculators during the financial year 2012-13. Here it may be noted that apart from contributing thousands of crores of rupees by way of dividend and profit to the government exchequer every year, even after its trimming, public sector in the country is still the biggest organized sector employer in the country, providing almost 90 percent of the country's organized sector employment, though the public sector's share in the economy has been dwindled to less than 15 percent from 35 percent on an average in the Nehruvian period. Disinvestment is a traitorous scheme by which assets of the public sector undertakings which are built up with the hard-earned tax money of the working class and toiling masses are transferred at throwaway prices to the parasitic corporate class which after divorced itself from employment generating industrial activities is interested in massive wealth appropriation through

speculative transactions. The meteoric rise of Ambani as the leading Indian corporate house in terms of asset value within a span of two decades of Manmohanomics , in the main was through this heinous scheme of things. And, disinvestment and privatization of public sector have become the major source of corruption under neoliberalism.

In brief, contrary to the Manmohan government's claim that the budget proposals will lead to resurgence and development, it will devastate the country further and impose horrific proportions of destitution on the masses. On the eve of the budget, the government has reduced the Employees Provident Fund interest rate from 9.5 percent to 8.25 percent. In the budget, subsidies on fuel have been cut by Rs. 25000 crores and that on fertilizers by Rs. 6000 crores. The allocation to NREGA, which is projected as the government's flagship program by the UPA leadership, has been reduced by Rs. 7000 crores in 2012-13. As we have noted earlier, in the post-budget scenario, even the poverty line is redrawn to cut food and other subsidies to the poor. According to official sources, diesel price decontrol is imminent. And the Manmohan government is still conniving with imperialist centres to fully open up the retail trade to FDI in spite of massive opposition in the country. While granting a series of tax concessions and privileges to corporate sector, the budget has imposed mounting economic burdens on the poor through higher indirect taxes and withdrawal of subsidies. It is out and out neoliberal. All progressive and democratic forces should come forward to expose and defeat its proposals. ●

## KERALA: CPI(M) DECLINES FURTHER

**L**AST YEAR when the CPI(M) led Left Democratic Front lost the election to the assembly with a very narrow margin in case of votes as well as seats, many friends of CPI(M) boasted that is the beginning of the musical chair in Kerala between UDF and LDF and that CPI(M) is about to repeat what it could in Bengal in Kerala also. So as by-election to Piravom constituency, where TM Jacob who won the seat with 157 votes majority died, was declared, especially in the atmosphere of a grand state conference of it held in Thiruvananthapuram, the CPI(M) spokespersons started claiming that it is the end of UDF rule. But within few days the scenario changed dramatically.

Immediately after the election campaign had started, a CPI(M) MLA of Neyyattinkara constituency resigned from it accusing it of sectarian approach. He joined hands with another CPI(M) leader, Murali of Shornur who had resigned earlier and announced that more leaders are soon going to resign. And on 21st March when the votes were counted for the Piravom constituency, the UDF candidate defeated the CPI(M) candidate with more than 12,000 difference. It is just a beginning. As the CPI(M) and its LDF is refusing to oppose any of the basic policies of the UPA at centre or

UDF in Kerala, like the neo-liberal policies, BOT based on 'public-private-partnership', commissioning of Kudamkulam nuclear plant in nearby TN, and other reactionary policies, the difference between UDF and LDF has narrowed to practically nothing, and in this situation the UDF is gaining as the TMC-Congress alliance defeated it in Bengal. The CPI (M) leadership which has degenerated to social democratic positions is getting exposed among the left masses day by day and it is failing to become an alternative to the rightist forces whose policies it is emulating shamelessly. And those who are leaving it without any Marxist-Leninist positions are soon joining the rightist band wagon, as seen repeatedly.

The rightist media is celebrating it as a defeat of communist forces, as once they declared the disintegration of Soviet Union as 'end of history'. They conceal the fact that it was the Soviet Union which embraced capitalist path which disintegrated. Similarly, the CPI(M) like forces have started disintegrating as they have degenerated to social democratic positions. Irrespective of all reverses suffered, irrespective of all imperialist propaganda, it is imperialism which is in crisis and socialism is the only alternative. ●



# THE GENESIS AND DEVELOPMENT OF MODERN FINANCE CAPITAL

*[ Translation from Henri Houben's La Crise de Trente Ans, Chapter - Ten,  
and published in Proletarian, February-March issue of Communist Party  
of Great Britain (Marxist-Leninist) – Red Star ]*

**I**T IS tempting to try to separate 'real' [economic] activity, ie, production, on the one hand, from the financial sphere on the other. This seems to correspond with the modern economy. But is this distinction appropriate? We must return to the fundamentals of capitalist development.

Karl Marx approached this question from the starting point of the concept of accumulation. This process has three phases: first, an enterprise creates a profit; second, a part of this profit is reintroduced into the production process by way of investment; third, these investments allow an expansion of production levels and the creation of extra profit as compared to the first cycle ... and so on and so forth.

So a firm needs to make as much profit as possible; this is what will determine its entire progress. And it is necessary that enough of this profit should be incorporated in the new process of production to lastingly increase capital. That is the investment. If the greater part of the excess is distributed among shareholders or invested elsewhere, the enterprise will not be able to grow. Finally, capital must itself increase as a result. These are the three characteristics that will decide whether a company is 'competitive' or not. It is not profit alone, because it is the level of capital that will influence future profits. It is not capital alone, because capital on its own does not necessarily give rise to a larger future profit. It is their dynamic combination which gives rise to a company's ability to accumulate.

A firm that accumulates more, and faster, than its competitors is going to impose its norm on the sector as a whole. Thanks to its extra profits, it is going to be able to invest more, acquire technological innovations more rapidly, and adapt itself more easily to variations in the economic climate and in demand. It is going to 'grow', while the others, if they do not keep up the pace, risk being left behind. For competitors, there are only two possible solutions left: either they must merge, or they must get the capital they need from financial institutions. The supplementary capital supplied by the financial sector (whether through loans or through money raised via the issue of shares on the stock exchange) can give its recipients a real competitive boost.

Just like recourse to drugs in sport, this capital injection

can give its user strength at a given moment and even force the market 'leader' itself to go in search of funds in order to stay ahead in the sector. In this way, as capitalist competition progresses by means of a furious battle, the financial sector, which started out playing a secondary and supplementary role, becomes absolutely central, because it is this sector that feeds the combatants the capital that is essential for their accumulation.

Historically, it has been the banks that played this essential role. The first to take on this function on a large scale were Belgian establishments, starting with the Société Générale de Belgique, and followed by the Bank of Belgium.

From 1835 onwards, they transformed part of their discounting business [ie, the purchase of future assets, especially debts owed to the customer, at a discount in relation to the amount expected to be received, which really amounts to lending at interest against the promise of repayment from future receipts]— that had by then virtually metamorphosed into long-term lending (since 'discounts' were being perpetually renewed) – into the purchase of shares in industry, especially in coal and metal mining.

Having acquired control of over 40 percent of Borinage coal production (at the time the most important in the country), the Société Générale reduced the competition between the different mines and attempted to impose monopoly prices on its main markets both in Belgium and in northern France. After 1850, the company became a major player in the development of railways.

The bank thus became a decisive influence in Belgium's industrialisation, one of the first and most important of the 19th century, having sunk its claws into three crucial sectors: the collieries that provided coke to the metallurgy companies, which were in turn providing rails to the railway companies.

Without the extra funds brought into production by Société Générale, what would have become of Belgian economic development? How many mines would have closed down sooner, not because they were exhausted but because of the bankruptcy of their exploiters? Would the coal-mining companies and the metallurgical industries have been able to stand up to English competition, which was particularly virulent at the time?

The success of the Belgian banks was emulated in other countries. The German banks, soon to be given the nickname of the 'Four Ds' because of their names (Deutsche Bank, Dresdner Bank, Disconto Gesellschaft and Darmstädter Bank), modelled themselves on their Belgian counterparts to create institutions that attracted deposits and granted loans, but also took a direct part in industrial and commercial businesses. They were what are called 'universal' or 'mixed' banks, as opposed to commercial banks, which limit themselves to lending and taking deposits. [In English, a bank whose business involves direct investment in companies would be called a merchant bank, though nowadays most banks are mixed to include a merchant banking business besides other types of banking operation.]

As we have explained, the role of the banks was taken over by other forms of financial institution. After the crash of 1929, several countries introduced laws that forbade the same entity to carry on both 'commercial' and 'investment' activity. And then, the amounts required for certain types of multinational investment became too large to be provided by a single establishment. The close links between industry and the banks weakened. But this did not imply that industry had regained its independence. On the one hand, a good number of multinationals created their own finance departments, with assets outstripping those of many banks. At its height, between 2004-5, the financial subsidiary of General Motors (GMAC) had assets to the value of \$573bn. Only the largest banks in the world administer larger sums.

On the other hand, as we have already seen, the process leading to dependence reconstituted itself, albeit no longer around banks properly so-called, but around the desiderata (requirements) of new financial players such as pension funds, investment funds, hedge funds, private equity funds, and so on. This shows that the mechanisms that led to the domination of banks [the need for higher concentrations of invested capital] are still operative. There is still today a battle for accumulation – in fact, it is more active than ever, in certain sectors at least. And the two central features of accumulation remain the creation of profit and the supply of capital.

There is nevertheless a very small difference with the past: formerly, a bank that took over a business that was in difficulty, restructured it and reassembled it with a view to this enterprise snatching the role of leader and imposing its authority on others. But the new finance capital is far more destructive, following the logic of immediate profitability: the company taken over has to contribute its share of costs immediately, even if doing so propels it towards certain demise. The car industry gives an excellent example of this development. In this sector, the uncontested leader is Japanese car maker Toyota. Way back, it put into place a system of production called Toyotism, which perfected traditional Fordism. This system allows it to capture additional surplus value, and to make globally superior

profits. Moreover, its methods of providing a return on capital, as is often the case in Japan, offer the possibility of devoting a major part of the profit to investment.

In 1956, Toyota did not make even 50,000 cars. That year, 4 million vehicles rolled out of the General Motors factories. The Nagoya industry's share only represented 0.4 percent of global production. In 2006, the Japanese car maker overtook General Motors and stripped it of its rank as the world's foremost vehicle producer. As far as profits are concerned, the Japanese enterprise has been beating record after record since 2000. In 2003, it was the first car manufacturer to have a net profit higher than \$10bn, reaching \$15bn in 2007 (Ford had declared a profit of \$22bn in 1998, but this was as a result of exceptional circumstances). In 2008, Toyota suffered a loss of \$4.3bn as a result of its major exposure to the US market and the fall of the dollar in comparison to the yen. In 2007, Toyota owned capital amounting to almost \$120bn. This total had doubled since 2001! It is a sum equivalent to the combined investment capital of Daimler, Volkswagen and Peugeot.

In order to be able to invest more, the Nagoya company puts pressure on its competitors until they go bankrupt, as is shown by the cases of General Motors and Chrysler. Here, Toyota's advantage is such that even new finance capital provided by the private equity fund Cerberus, which bought Chrysler and half of GMAC, was unable to save them. That required intervention by the US state. Finance capital [the domination of industry by banking capital], therefore, is not a deviation from capitalism but a necessity arising from the intense competition between larger and larger enterprises. Its domination over the 'real economy' is therefore entirely unsurprising.

Since the beginning of the 1980s, the rivalry between capitalist powers has given rise to two opposing models, which are sometimes called the Anglo-Saxon model and the Rhenish model ('Rhenish capitalism' is a term popularised by the work of the French economist Michel Albert in his 1991 book, *Capitalism Against Capitalism*). These models are models of two different kinds of alliance between the world of finance and the world of production. On the one hand, there is the model that prevails mainly in Germany and Japan, where industry is supported by banks that are almost omnipotent, and this economic whole receives the support of the state machine, with the links between politicians and business being extremely strong. It is more or less a continuation of the structures put in place in the 19th century based on the universal bank.

This is a game at which the US is a loser. Therefore the US ruling class much prefers its own Anglo-Saxon model of development: ie, the supply of the necessary funds by financial markets (above all stock markets), which supply the funds needed for accumulation and are available more or less throughout the world. The US therefore uses all its power, including its state [military] power, to impose this

method on the whole world. These endeavours have been greatly helped by the fall of the USSR, which gave free rein to Washington, and by the creation of the WTO, which simultaneously sanctified free trade in commodities while at the same time defending intellectual property rights, to the advantage of existing multinationals.

With this 'globalisation', the German and Japanese models [being largely circumscribed by their countries' respective frontiers] were at a disadvantage. Of course, companies like Toyota and Honda came out all right. But the mighty Japanese mechanism for accumulation is at a disadvantage. It is not designed for overseas operations. Its credit establishments were driven to the edge of bankruptcy by the bursting in 1989 of another bubble, affecting both financial and real property assets, that was specific to Japan. In order to avoid failure they were obliged to merge. Today, there are only three large banking groups in the archipelago: SMBC, Mizuho and MUFG.

Financial problems also shook Germany. The Dresdner Bank was taken over in 2002 by Allianz, before being resold in August 2008 to one of the other banking giants, the Commerzbank, which was itself obliged by the European Commission to offload half its assets when it had to receive support from the state to avoid bankruptcy. As for the Deutsche Bank, it gradually transformed itself into a strictly financial institution, abandoning its direct influence over German industry. Financial development over the last few years has been penalising firms, especially banks, that keep hold of their stocks and shares rather than speculating on their rise and fall.

Today, the US, which once lagged behind Germany and Japan as regards competitiveness, has opted for a finance capital formula that can certainly be described as 'hard', ie, for autonomous markets where speculation is welcome and where today's profits are snatched at the expense of the future, because what matters is one's stock exchange valuation, ie, values which incorporate expected future profits. Finance capital made in Germany or Japan cannot do the trick, quite simply because in the short term it cannot accumulate as fast. This is why it is in decline and is giving way to the financial domination of the American system ...

In the 19th century, too, it was the countries that needed to catch up with globally more profitable British companies that sought support from banks and brought about the development of what became the finance capital of the time. In his analysis of the financial structure of capitalism worldwide, Pierre Grou stresses: "*The special problem of control that arose at the end of the 19th century is that relating to the later-developing capitalisms of Germany, Russia, Belgium, the US – where industry needed the banks in order to be able to finance the accumulation of capital, with British industrialisation as their common model.*"

It is they who in the end imposed the system of finance capitalism on the whole planet. And British capitalism was eventually overtaken, since it did not have enough companies with sufficient concentration of capital to compete with the American or German companies and others. In the same way today, the US lags 'behind' Germany and Japan as far as competitiveness is concerned. So the US has opted for a different formula for finance capital that provides gigantic short-term profits. The development of what seems to common sense to be 'financial exuberance' is not therefore a deviation within a capitalist system that is basically healthy: it is the logical outcome of a battle between the US, European and Japanese giants, expressed in economic, political and military rivalry between these three centres ... On this point, too, the financial crisis is a crisis of capitalism as a whole.

### **The social and the parasitic**

This capitalism is destructive. This is not only because of the development of financial excess - the problem is deeper than that. Financial domination over capitalism is not really surprising. It is the domination of money capital that is privileged at every level because competition prevents any other kind of action or reasoning. The exaction of tribute by powerful financial conglomerates is nothing but the last stage of a process [the redistribution of profit among different sections of the exploiter classes, to the advantage of some and disadvantage of others] that resides in the very heart of production and is where everything begins to totter (something which tends to get forgotten).

Since the 1980s, the major multinationals have been abandoning the diversification strategies that were especially fashionable a decade earlier, as well as the vertical integration that Ford had developed to the extreme at the start of the last century. The multinationals instead focused, in their own words, on their 'core business', the central kernel of their activities, leaving other activities to other firms, be they themselves giant providers or merely entirely dependent subcontractors. In the car industry, Toyota was one of the forerunners, as was Toshiba in electronics. Japanese companies built a system of production on a pyramid of subcontractors. Above them all is the manufacturer, ie, Toyota, which specialises in the assembly of cars and the production of strategically important components such as the motor.

Below are the high-ranking subcontractors, the suppliers of lesser components, often companies in which Toyota has some equity (although not generally very much). These enterprises, of which there are 168, are relatively large. They themselves obtain their supplies from the 5,427 second-ranking companies, which are smaller and which manufacture the components needed by the first-ranking subcontractors. Finally, the base of the pyramid is made up of third-ranking and even sometimes fourth- or fifth-ranking companies.



These 41,703 businesses generally employ fewer than 10 workers and produce parts of components or components of components to second-ranking suppliers. This reliance on the smallest of subcontractors tends to involve workers being subjected to the most precarious of working conditions.

This system has been copied by firms in other countries and in several sectors, including in car production. In the US, this system was accompanied by modularisation, ie, the production of modules, a kind of integrated sub-assembly that can be finished off by franchisees. Whereas Toyota developed a network centred on its geographical location in Toyota City, US companies use the new methods to decide which location will be the most suitable for production. “Thanks to modularisation, one can divide up the system of production and distribute it to the four corners of the earth.” (Suzanne Berger, *Made in Monde: Les Nouvelles Frontières de l'Économie Mondiale*, Paris, 2006). As from the middle of the 1990s, giants such as IBM or Hewlett-Packard turned towards the provision of ‘services’ and sold off a proportion of their factories. The owner of Alcatel, Serge Tchuruk, hailed ‘the factory-free enterprise’. Multinationals focused on technological activities: design, research, marketing, image and the manufacture of strategic components.

In the textile industry, a similar phenomenon took place. Phil Knight, the Nike CEO, explained the change within his company: “For years, we thought of ourselves as a production-oriented company, meaning we put all our emphasis on designing and manufacturing the product. But now we understand that the most important thing we do is market the product.” (Quoted in Benjamin R Barber, *Consumed – How Markets Corrupt Children, Infantilise Adults and Swallow Citizens Whole*, New York, 2007). Nike no longer makes anything. It gets its subcontractors situated in the third world to do it. This situation is imitated by its competitors Reebok and Adidas.

This process is sometimes described as the ‘end of the giant dinosaurs’, ie, giant enterprises. But in reality, this network of small units, which all labour in a single chain of value to create the same merchandise, is all under the tight control of the corporation that issues the instructions. This is the case in the car industry, where the manufacturer always retains control over the network by controlling prices or quality criteria. It always sends in its teams to verify how the manufacture is being done and to give appropriate advice as to cost reduction.

In the matter of distribution, the big food or clothing manufacturing chains equally impose their conditions. A giant such as Wal-Mart sits on a network of 68,000 suppliers. To ensure ever-lower prices, it presses on them even to relocate, notably to China. It has established there a purchasing depot in Shenzhen (in the south near Hong

Kong), whose purpose is to find companies that can deliver at unbeatable prices, and also to incite competition between its suppliers. This system facilitates what in Marxist language is called the transfer of surplus value. In other words, the value that is created by a subcontractor is not retained by him. As a result of the low prices at which components or goods are bought, it is the company that places the orders that obtains this advantage.

For example, in the case of Wal-Mart, as is explained by the head of a large sports clothing manufacturer, the following are the conditions in which he is expected to deal: “Wal-Mart’s philosophy is ‘always more’. They don’t always want the cheapest, but the best quality at the lowest price. If I sell a product for ten dollars this year and try to sell it for ten dollars the following year, they won’t be happy. Every year, what we do has to be ‘always more’ advantageous to them.” Thanks to this constant pressure, the profits of the distribution giant went up from \$482,000 in 1967 to \$13.4bn in 2008. Since 1967 it has never shown an annual loss.

This is also true in the car industry. Toyota, and following it other car makers, insists on continual rises in productivity among its subcontractors. If necessary, the Nagoya company will assist. In this way, Toyota organised its subcontractors from 1965 onwards to move to just-in-time and total quality management, two fundamental concepts of Toyotism. If a supplier’s costs remain too high, it is pitilessly eliminated. If, on the other hand, it can reduce them, Toyota will allow it to keep the extra profit obtained in the current year. The following year, however, that profit will be swallowed up in the lower prices that the subordinate company will be required to accept. This system allows Toyota to encourage the supplier to seek out ways of increasing productivity while in the end winning for itself the gain in surplus value. Furthermore, this method is deployed throughout the production network, since the top-level subcontractor is supplied by second-rank subcontractors, towards whom he will behave in like manner.

US statistics show that in 2006 a production worker in a car factory [apparently] created on average a value of \$190 an hour, while his colleague working for a subcontractor only provided \$86 – only about half. The only plausible explanation for this difference is the transfer of value (and of surplus value) from the components sector to the assembly sector, a mechanism achieved through the constant lowering of the price of the components purchased by the multinationals. In this way, part of the value created by subcontractors is transferred to the manufacturers and accumulated in the form of profit. This same process applies when the suppliers come from the third world. Let us stress that the multinational is not only taking advantage of the low wages that prevail there, but also of the under-valuation of values produced abroad, an undervaluation that can be reflected in the continual depreciation of the currencies of the countries of the South. Table 1 shows the evolution of



hourly value added in different countries that are the main exporters to the US.

**Table 1 : Growth of Hourly Manufacturing Added Value of Different Countries Between 1981 - 2006 (In Dollars)**

	1981	1990	1995	2000	2006
US	16.06	25.53	32.28	42.23	51.55
Singapore	4.58	11.38	27.32	21.57	42.39
S. Korea	2.61	5.06	10.43	12.15	22.06
Taiwan	3.15	8.00	11.70	12.05	12.20
Philippines	0.13	1.18	1.77	5.26	10.05
China		0.76	1.61	3.08	
Mexico		5.84	5.87	7.80	13.23

It can be observed that, in general, there is a large gap between the value attributed to an hour's labour in the US as opposed to that produced in other countries. In 1981, an hour's labour was productive of about \$16 in the US, \$4.6 in Singapore, \$2.6 in south Korea, etc.

It is obvious that the hourly added value can depend on the technological structure of the country's manufacturing industry. If the country attracts a large number of clothing companies it will generate low hourly added value; but if, on the contrary, it is stuffed with IT, pharmaceutical or biotechnology companies, the hourly added value will be large.

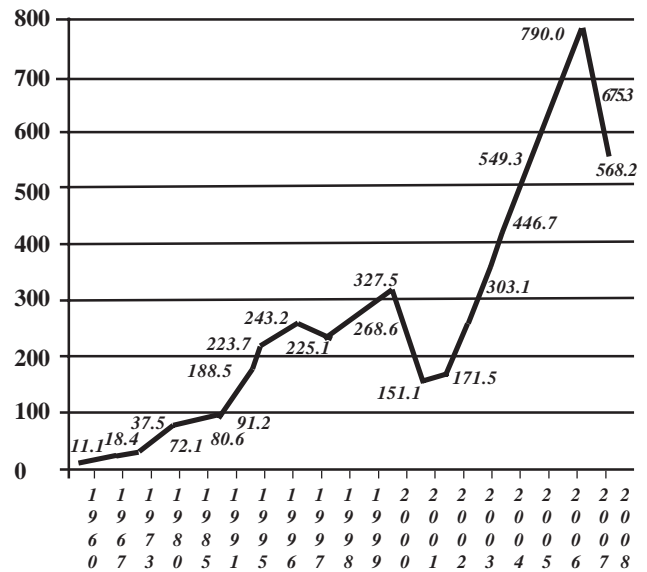
Nevertheless, by and large, in 2006 an electronic component produced in Taiwan for the equivalent of £12 was worth on average £15.50 as part of the product when finished in the US. One can readily appreciate the profits to be made by the commissioning companies.

The advantage for these multinationals is not confined to this transfer. It extends also to the great flexibility of production, which would be impossible if the factories belonged to them.

Toyota makes sure it always has two subcontractors for every component it buys. In 1988, feeling that it was becoming too dependent on its electronics subsidiary, Denso (in which it had a 33 percent stake), it built a factory at Hirose (in the north of Hokkaido island) and recruited electronics engineers to work there. It considered that it could not allow itself to be tied to Denso alone for strategic components that made up 30 percent of the value of each vehicle.

The consequence of this system has been an explosion in the profits of the big manufacturing industry enterprises, as is shown in the graph in Table 2 .

**Table 2 : Growth of the Net Profits of the 200 Largest Industrial Companies Between 1960 and 2008 (In Billions of Dollars)**



Until 1991 the increase was relatively constant. Then profits doubled in 1995 to \$188bn. And then almost doubled again in 2000. The crash of 2000 caused a fall: in one year the companies lost half of what they had gained. But six years later their profits multiplied by five. A record gain of \$790bn was realised in 2007, a sum equivalent to the production of the whole of Africa excluding South Africa, or to the production of 900 million people! In 2008, the crisis again brought a fall in profits. It is from these gains that finance draws its income. Without this phenomenal growth, there is no way of securing the minimum expected return [on invested capital] of 15 percent. Here, too, the disproportionate development of international finance is reflected in the insistence of the 'industrial' or 'commercial' multinationals on extracting for themselves all surplus created on the planet. It supposes a massive transfer of revenues in favour of those who control these giants' capital.

It would be presumptuous to affirm that it is the financial sector that has caused this phenomenon and that it was this sector that, by demanding a return of 15 percent, gave rise to subcontracting, relocation and transfers in favour of the north. Even though they are linked to finance capital, Toyota and Wal-Mart are controlled by proprietor families (the Toyoda family in the case of the former and the Waltons in the case of the latter). The relevant changes were often introduced in relatively quiet times, well in advance of any financial exuberance.

It is nevertheless obvious that the requirements of the financial sector for a return of this magnitude had the effect of accelerating the adoption of these methods of capturing profit on a planetary scale .

The income produced by the lowest-level

subcontractors, many of whom are in the third world, are not retained by them; they are absorbed by the larger suppliers. Subject to exceptions, the latter cannot retain these advantages; they are obliged to transfer them to the biggest multinationals, which dominate the world market and make everybody pay for the 'surplus value' of their technology, their names and their trademarks. Of course, the mechanisms through which the gains make their way up the chain to the financiers can differ: through payment of dividends, payment of interest or other income, or incorporation into stock exchange values of expected future results.

Contrary to the traditional links between the banks and industry, which put credit in charge of conglomerates that are sometimes totally productive, the new finance capital grabs all it can in whichever way is quickest. Thus the average participation of hedge funds in the capital of major firms has risen to about 10 percent of the latter. Direct control is not the main objective; if the fund is not happy with the management then either it changes it, if it is strong enough to do so, or it moves its investment elsewhere. This predominance of short termism bothers quite a few commentators. Above all, contrary to what is often believed, the socialisation of production has never been taken to such a level as it is at present. The 200 largest industrial companies in the world have since 1973 employed between 18-19 million people. In fact, they have vastly greater control than did the big enterprises formed at the beginning of the 20th century, and their power stretches across national boundaries.

Analysing this development, David Korten, an active participant in the World Social Forum, writes (retranslated from the French): "*The pro-multinational liberals regularly insist that centralised economic planning is totally inefficient and incapable of responding to consumer preference. Nevertheless, the prosperous multinationals exert more control over the economies bordered by their product networks than the planners in Moscow ever had over the Soviet economy. "Central management buys, sells, dismantles and closes production units according to its*

*whim; it recruits and dismisses individuals with a stroke of the pen; it moves its factories to wherever it wants in the world, and decides on the percentage of receipts to be provided by subsidiaries to the parent company; it appoints and dismisses the directors of the subsidiaries; it fixes the amounts of transfers and other conditions governing the transactions taking place between the different companies that are members of the group; and it decides whether independent suppliers are able to buy and sell on the open market or are restricted to dealing with subsidiaries belonging to the group."*

All this amounts to an unimaginable development of financial parasitism, since the decisions taken by private individuals have only one aim: personal profit. It results in the routine killing of the goose that lays the golden eggs through demanding returns of a magnitude that are unobtainable in the long term. This in turn gives rise to an increase in fraudulent operations [as companies try to pretend they are delivering to the required standard in order to keep their investors happy] (Boesky in the 1980s, Enron in 2001 and Madoff more recently). Even the defenders of capitalism are worried about these facts. For example, George Soros has said: "If people like me can bring down governments, there is something rotten in the system" ...

Joseph Stiglitz makes a comparison with the 'robber barons' of the end of the 19th century – the Vanderbilts, Fisks and Goulds – who enriched themselves in a scandalous manner on the backs of the workers of the epoch through operations that were not far off being fraudulent, or were of dubious morality. But he is far more critical of today's speculators: "*The rail barons of the 19th century, who enriched themselves through use of their political influence, at least left behind them an inheritance: railways, rolling stock, which unified the country and dynamically promoted its growth. What inheritance has been left by so many dot.com millionaires and billionaires, the management of Enron, Global Crossing, WorldCom or Adelphi, except horror stories to tell future generations?* ●

## CAG FINDS A BIGGER SCAM

**The CAG** has now found out a much bigger coal scam, of defrauding the public exchequer of Rs.10.67 lakhs crores due to unfair methods followed in handing over coal blocks to more than 100 companies, a scam which is six times bigger than the 2G Spectrum scam of the same period.. During 2004-09 period, the coal ministry and the public sector companies under it caused this huge loss to the exchequer because of not pursuing transparent methods for auctioning the coal blocks under their control. Even after such an explosive report was received, the prime minister and his office were shamelessly sleeping over it. Soon after the news came out the Congress spokespersons have started coming out with cock and bull stories similar to the ones they had uttered when the 2G Spectrum scam had come out. As in the case of 2G Spectrum, only if public pressure is exerted the government will be forced to at least some action to reveal the extent of the scam and to name at least a few who were involved in it. When the 2G Spectrum case went before the Supreme Court, without hesitation it had ordered the cancellation of the 122 contracts issued to corporate and MNCs. If the present case is also taken to the SC, all these fraudulent companies and mafias getting fabulous benefitted due to this scam will be ordered out, no doubt. So there should be a public outcry for all the facts from the government and necessary action to stop the plunder of country's precious resources by such companies. ●

# TWO DECADES OF DEVELOPMENT UNDER NEO-LIBERALISM: IS IT PEOPLE-CENTRIC?

PROF. KR CHOWDRY

**I** **DEEM** it a great privilege and honour to preside over the 30th Annual Conference of the Andhra Pradesh Economic Association, which is being held at Sri Venkateswara Arts College in Tirupati, the well-known centre of Education, Culture and Pilgrimage. As a life member of this association since long, I have been watching its activities with interest. The association is growing as a professional body, conducting annual conferences regularly and workshops and seminars periodically, on important themes and contemporary issues concerning our state. I hope that these conferences and seminars provide excellent opportunities to the economists and other intellectuals of the state for their participation in the meaningful and enlightening discussions and debates. I particularly hope that younger teachers, researchers and students of economics do get the necessary motivation, inspiration and professional guidance from the conferences and seminars, which would help them in improving their performance in teaching assignments and research pursuits. The deliberations and proceedings of these professional meetings may also be useful to the general public and concerned authorities of the state. I appreciate the efforts of the office bearers of this association, both past and present in nurturing this association into a strong academic body. I am thankful to Prof. L.K. Mohan Rao, the Chairman and members of this association for electing me as the President of this conference.

I have chosen this topic for my address because I sincerely believe that development should be people-centric. For the last four decades I have been advocating and campaigning for distributive justice and people-centric development.

## II

### Development - People's Perspective

**DEVELOPMENT** is viewed and discussed from different perspectives. People's perspective is different from that of the ruling elite and pro-establishment intellectuals. In a democratic dispensation people's perspective of development assumes greater significance and relevance. According to the people, development should essentially mean development of people broadly and development of productive forces specifically. The tasks involved in the development process are:

- Improvement in the lives and living conditions of the vast majority of people.
- Creation of equal opportunities for all in all spheres of human activity.
- Ensuring equity and justice in income and wealth created among different sections of the population and reducing the gulf between rich and poor.
- Fulfillment of people's aims and aspirations.
- Enabling people to lead comfortable, prosperous, happy and peaceful life with honour and dignity.
- Protection, promotion and honouring of human rights.
- Protection, conservation and promotion of environment.
- Rejection of displacement, deprivation, destruction and death of people in the guise of development.
- Promotion of humanism and cordial human relations in the society, and finally
- Creation of a non-exploitative and egalitarian society.

## III

### Indicators of Development in People's Perspective

**TAKING** people's perspective and consensus into consideration, certain indicators are evolved based on the following factors:

- 1) Percentage of population of poorer and poorest of the poor having access to adequate food and nutrition. Whether development solved the problems of hunger, starvation, under nourishment and malnutrition? If so, to what extent?
- 2) Poor people's access to basic necessities of life, such as safe drinking water, sanitation, etc.
- 3) Status of clothing and housing conditions.
- 4) Status of people's health. Access to medical facilities. Reduction of morbidity and mortality caused due to diseases.
- 5) Access to school and college education. School drop-outs.

- 6) Increase in employment. Solving the problems of unemployment, underemployment and disguised unemployment.
- 7) Income levels - Disparities among different classes.
- 8) Reduction of poverty.
- 9) Access to electricity, roads and communication to villages, hamlets, tribal areas, etc.
- 10) Production / Manufacturer of goods / products to meet the necessities of poor and their access to these products. Living standards of the poor.
- 11) People's suicides and economic crisis engulfing the poor.
- 12) People's socio-economic and cultural development.
- 13) Provision and expansion of productive base of the poor.
- 14) Entitlements and public distribution system.

#### IV

### Indicators of Development Perspective of Ruling Elite and Intellectuals

**IN THE PERSPECTIVE** of rich elite, pro-establishment intellectuals, bureaucrats and ruling class politicians, development is nothing but production of physical goods and services, provision of infrastructure to meet the requirements of the elite, creating comforts and luxuries for the richer classes, accumulation of wealth, enabling the richer people to access better education and health facilities, improving the living standards of a small section of the people in the higher category of society etc. According to the above categories of people, the indicators of development mentioned usually are as follows:

- 1) Total value of Gross Domestic Product (GDP)
- 2) Gross Capital Formation
- 3) Net Capital Stock
- 4) Growth rates of GDP
- 5) Growth rates - sector wise

#### i) Agriculture

- Area, production and productivity
- Number of reservoirs constructed and extent of
- water potential created - Quantity of input use
- Number of regulated markets established

#### ii) Industrial Sector

- a) Industrial output growth.
- b) Establishment of industries, factories etc., (Number, capacity, production etc)

- c) Some of the industrial products manufactured.- Number and types of cars- Number and types of two-wheelers- Number and types of Aircrafts and Ships- Number and types of Air - conditioners- Number and types of Computers- Number and types of Washing Machines- Number and types of Television sets

#### iii) Service Sector

- Hotels, Tourism, Entertainment, etc.,- Flight Operations- Health & Education

#### iv) Infrastructure (Physical)

- Electricity generated (Mega watts)- Number of Airports, Sea ports- Roads and Railway Lines- Buildings Constructed- Telecommunications

#### 6) Liquidity Position

#### 7) Financial Markets, Banking, Insurance, etc.

#### 8) Investment

#### 9) Foreign Exchange reserves - Balance of Payments, Foreign Direct Investment, etc.

#### 10) India's Foreign Trade (Imports and Exports)

The list of indicators goes on like this. The question is whether these indicators really indicate the development of people in general and the poor in particular.

#### V

### Development under Neo-Liberalism

**THE NEO-LIBERALISM**, which encompasses privatisation and globalization is being adopted in India since the last two decades. In other words, this is termed as structural adjournment programme (SAP) consisting of seven issues mainly as follows:

- i) Revising foreign exchange rates
- ii) Liberalisation of imports
- iii) Reforming taxation system
- iv) Abolition government regulation like licences and permits
- v) Reforms in fiscal sector
- vi) Disinvestment of public sector units
- vii) Facilitating inflow of foreign investments.

Neo - liberalism forms the cornerstone for the development model adopted since the last two decades. A lot of water is flown under the bridge during this period. It is time now, after two decades of neo-liberalism, to review and evaluate the working of the policy regime vis.-a-vis. development for solving people's problems in a more effective, sustainable and human way.

The development pertaining to the overall economy, sectors like Agriculture, Industry and Services, and its impact on the people is briefly reviewed as follows:



India is considered to be one of the fastest growing economies of the world, next only to China. In 2009, the increase in world output was declining by -0.8 per cent, China's and India's increase in output was increasing by 8.7 per cent and 5.6 per cent respectively. Indian economy grew at 7.2 per cent in 2010, while the world economy grew at 3.9 per cent only.

India's Gross Domestic Product (GDP) increased by 1.4 times from 93.1 billion dollars in 1988 to 416.3 billion dollars in 1998. In the next ten years, the GDP increased by 2.82 times to 1,176.9 billion dollars in 2007. ([http://devdatta.worldbank.org/AAG/ind\\_aag.pdf](http://devdatta.worldbank.org/AAG/ind_aag.pdf)). The Indian economy is expected to grow by 8 to 9 times in the years to come.

### 1) Agriculture

Annual compound growth rate of value of agricultural output has come down to 1.73 per cent in the neo-liberal era (1993-2006) from 3.37 per cent in the pre neo-liberal period. In 2007-08, agriculture and allied sectors grew at 4.7 per cent. In 2008-09 it grew only at 1.6 per cent and in 2009-10, the sector shrunk by 0.2 per cent (GoI - 2010a).

The slowdown in crop production is much sharper than the slowdown in GDP. (GDP refers to value added, namely, the value of output minus value of inputs; crop production refers to physical output). The fall in physical output per head during 1996-97 to 2003-04 is noted. The growth rate in negative in absolute terms, that is, there was an actual fall in crop output during the period.

The low production and productivity of pulses and oil seeds is a matter of great concern. Our ability to import pulses is greatly limited as very few countries in the world grow pulses. The share of pulses in total gross cropped area in India has declined from 14.4 per cent in 1990-93 to 12 per cent in 2003-06. The share of pulses in total value of output similarly declined from 6.8 per cent to 5.8 per cent. Bhalla and Singh (2009) pointed out that farmers who diversified into cotton and oil seeds are exposed to shocks emanating from international price movements.

The factors influencing this slow growth of agriculture are analysed in the ensuing paragraphs.

#### a) Investment in agriculture

The neo liberal policy is responsible for slashing public investment in agriculture. The share of agricultural investment in GDP has slid over the last 25 years, and is now just 1.9 per cent. This has depressed production to the point where prices are rising despite the meagre purchasing power of the masses.

#### b) Deteriorating Productive Base

The laggardness of agriculture is due to deterioration in agriculture's productive base itself. The net sown area

has fallen from 143 million hectare in 1990-91 to 140.9 million hectares in 2003-04. This may be due to diversion of agricultural land for non-agricultural purposes, such as urbanisation, industrialisation, Special Economic Zones (SEZs), etc.

Further, the net irrigated area is also declined from 57.1 million hectares in 1999-2000 to 55.1 million hectares in 2003-04. As a result the cropping intensity is just 1.35 as against the possibility of 2 or 3. The fall in irrigated area may be due to depletion of ground water, especially in drought years and also diversion of irrigated land to SEZs and real estate.

### c) Terms of trade

Under neo-liberalism, the terms of trade are unfavourable to agriculture. Agricultural prices relative to non-agricultural prices have fallen by 1.7 per cent a year between 1996-97 and 2003-04 (Report of the Steering Committee). Input costs are rising and output is stagnating and hence peasants tried to cut costs and growth of input use has slowed. This is the reason for stagnation of output.

### 2) Industrial sector

The average annual growth rate of industrial output in 1991-02 was 6.6 per cent. The output boomed at 13 per cent in 1995-96. But this boom could not be continued and a steep deceleration occurred for seven years until 2002-03. The next boom lasted for five years, from 2003-04 to 2007-08. It is noted that in spite of neo-liberalism, particularly dismantling of 'permit licence raj', industrial growth rate is not accelerated. But the share of industrial employment and output on the whole have not declined. Neo-liberalism is not a setback for industrialisation. But the question is who benefited more from industrial development? Deregulation, disinvestment of PSEs, liberalisation measures for phony foreign investments, etc. have benefited the large corporates and MNCs.

### 3) Service sector

Service sector witnessed a spectacular growth in neo liberal era. An average annual growth rate of 7.55 per cent was achieved from 1995-96 to 2009-10. This is higher than agricultural sector's 2.63 per cent. Presently, the share of the service sector in India's GDP is about 64 per cent. However, this sector has low employment potential and its growth depends on other sectors, and foreign demand. Further, it is concentrated in a few selected sub-sectors, such as hotels and restaurants, finance, insurance, real estate, etc.

### Infrastructure (Physical)

India achieved a great success in the telecommunications sector. Financial sector liberalisation has not really reached the common people. Power sector continues to be in doldrums. Neo-liberal policies have failed to give a fillip to infrastructure.

### **Impact of lopsided development on people**

1) Income of Agricultural workers: Despite the stagnation of output, the workforce in agriculture continues to grow, so the growth of value added per worker in agriculture has ground to a near halt (0.28 per cent per year during the decade 1993-94 to 2003-04, (Report of the Screening Committee). Indeed, the value added per worker in 2004-05 was lower than in 1999-2000. The income of agricultural workers also remains stagnant between 2000 and 2005. What little growth took place in wages was conceded out by the reduction in days of employment (NCEUS, Report on conditions of work and production of livelihoods in the unorganised sectors, Sep. 1997)

2) Indebtedness of Farmers: According to NSSO report, about half of the farmers are debt-trapped.

3) Farmers' Suicides: The so-called development has caused untold misery, suffering and distress to farmers, which forced them to commit suicides, as they lost all hope in life. Never before in the world history, the farmers of such a gigantic number committed suicides. According to National Crime Records Bureau, the number of farmers died due to suicides is 2,56,913 during the period of 1995-2010. Farmers' suicides are mostly concentrated in the states of Andhra Pradesh, Assam, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamilnadu, Uttar Pradesh and West Bengal. It is also noted that farmers' suicides are continuing. It is reported that 95 farmers committed suicides in six districts of Andhra Pradesh in one month (Table 1). The number of suicides reported in some districts of A.P. in October - November 2011.

### **4) Undernourishment and malnourishment of vast majority of people**

Despite the development, vast majority of people are suffering from undernourishment and malnutrition. Calorie consumption per head per day has fallen between 1993-94 and 2004-05 by 106 calories or nearly 5 per cent in rural areas, by 51 calories or 2.5 per cent in the urban areas.

It is calculated that two-thirds of the country's population in 2004-05 had a calorie intake below the national norms. The average calorie intake is much higher in the developed world than in India. In 1994, the world average was 2,718, the developed world average was 3,206 and even the developing country average was 2,573. And India's average was low (2039) and this is also on the decline. (Cambridge World History of Food, Vol 1, Ed Kenneth F. Kiple and K.C. Ornales, p. 899). The protein consumption has fallen by 5 percent in rural areas (1993-94 to 2004-05). The protein intake itself is very low in India, which indicates deterioration in nutrition. It is because of this, about half of the children below 5 years of age and 58 per cent of women are suffering from anemia. Due to semi-starvation, a number of hunger related deaths are also reported. It is reported that

every year about 50,000 children below 5 years are dying in West Bengal due to malnutrition.

### **5) Poverty**

Development has not solved the problem of poverty. Although a lot of variations or differences exist in the estimations of poverty levels by different scholars, it is generally agreed that about 40 per cent of country's population are living in poverty conditions. In fact, the rate of declining in poverty is nothing her in the neo-liberal period as compared to the pre neo-liberal period. The absolute number of poor has actually increased in the country. It has been reported that 50 crores of people in India are poor. It is a matter of shame that about 3 crores of people are beggars.

### **6) Unemployment**

Unemployment continues to be rampant in the country. It is estimated that the number of educated unemployed is 15 crores, while the uneducated unemployed are 20 crores. Out of this, about 10 crores are child labour. According to NSS data, rural unemployment increased from 5.6 per cent in 1993 to 9.1 per cent in 2004, while urban women unemployment from 10.5 per cent to 11.7 per cent.

### **7) Basic Facilities**

According to official figures, in April 2005, 42 per cent of habitations with more than 100 in population did not have access to potable drinking water within 1.6 kms. Nearly half of the rural households did not have electricity in 2002. With regard to three elementary facilities - drinking water, electricity for lighting and latrine - only one in nine rural homes enjoyed all three within the premises. Nearly two-thirds of rural homes were katcha.

In urban areas, slum life is sub-human. Only 15 per cent of urban slum homes have drinking water, electricity for lighting and latrine within the premises. One-third of urban homes are katcha.

### **8) Education**

The National Common Minimum Programme (NCMP) of May 2004 of the UPA government states that it would raise public spending in education to at least 6 per cent of the GDP. In reality, it has not raised even to half of it. It is noted that private expenditure is on the rise touching 5 per cent of the GDP. The poor people are forced to pay for private schools, private colleges and private tuition. Poorer sections of the people, who cannot afford to pay, are deprived of education.

### **9) Health**

It is seen that expenditure on health is meagre with just less than 1 percent of GDP. In 2008-09 Central Budget allocation was just 0.34 per cent of GDP. This forced the common people to turn to the rapacious private sector for their health care needs.

### 10) Widening gap between the rich and poor

Development in the last two decades has widened the gap between the rich and poor. According to Arjun Sen Gupta Report, 77 crores of people are living with just less than Rs. 20 income per day.

### 11) Financial Exclusion

Access to financial services to the people is an important measure for their development. The Ranga Rajan Committee (Ministry of Finance, 2008) reported that of total farm households around 73 per cent have no access to formal sources of credit.

### 12) Regional disparities

Various studies indicate that disparities in growth rates of Gross State Domestic Product (GSDP) and per capita GSDP are varying among different states. The growth rates in per capita GSDP are low in Bihar, Assam, Madhya Pradesh and Orissa, when compared with certain other states like Maharashtra and Gujarat.

### 13) Human Development Index

Perusal of Table 2 explains the following facts about Human Development Index:

Despite the tall claim of development, India's rank in Human Development Index is 134. Life expectancy at birth in India is 63.4 years, which is the lowest in the world with the only exception of Myanmar. India's adult literacy rank is the lowest in the world with 66 per cent with the exception of Pakistan, Nepal and Bangladesh. GDP per capita is also lowest in the world with US \$2753 and the exception is Myanmar, Pakistan, Nepal and Bangladesh. India's rank in gender development index is 114. Pakistan, Nepal, Bangladesh are the only countries which are more than India in this regard.

## VI

### Development and Destruction

#### a) Development and destitution

In the name of development millions and millions of people are forcibly displaced from their homes and hearths. The forced displacement is for the development to serve the ruling classes. These ruling classes require vast areas of land depriving people of their livelihood. Land is acquired for various purposes such as irrigation, hydro, thermal and nuclear power plants, mega industries, urbanisation, sea ports, airports, express highway roads, inner ring roads, outer ring roads, mining, wildlife sanctuaries, business schools, tourism, resorts, clubs, parks, SEZs, etc which would provide luxuries to the ruling elite. It is reported that about 30 million acres of land is already being used for the above purposes. About 40 million people are displaced from their lands, homes and habitations during the last 64 years. They

also lost access to common property resources, which formed part of their life. In fact, they lost their livelihoods, and have become destitute. Destitution caused a lot of disruption and devastation in the life of the people and even led to deaths in several cases. Evacuation of people is done with brutal force and cruelty. Is it development? And for whom this development is?

#### b) Development and looting of natural resources

Not only land but also water, mineral resources and forests are looted by imperialist forces and the comprador classes. Since these resources belong to the people, they should have control over them.

Why people, particularly, tribals in Central India are struggling heroically against the state, imperialists and their military brutal forces in order to protect their rights over the natural resources in the vast hilly and forest areas.

#### c) Development and degradation of environment

In the process of development, the ecology and environment are destroyed, which are essential for the survival and welfare of human race. Not only human race but also all other living beings cannot be separated from environment. Let us examine 3 or 4 development projects:

##### A) Thermal and Nuclear Power Plants

It is proposed to establish six thermal and one nuclear power plant in Srikakulam district, particularly in Sompetta and Kakarapalli. The affected people are resisting the move of the State, which is in the service of the capitalists and MNCs. The rulers do not bother about the destruction of livelihoods of thousands of poor people, particularly fishermen. Thermal plants also cause enormous damage to environment and throw the people into ill health. In thermal plants, lakhs of tons of coal is burnt, which produces lakhs of tons of ash. Several tons of carbon dioxide, sulphur dioxide, nitric oxide and such other poisonous gases are let into air. Smoke and ash let out arsenic, chromium, lead, mercury and other metals, which would cause cancer, heart diseases, coughs, respiratory and skin diseases to the people. The employment potential in thermal plants is said to be scanty.

##### Nuclear Power Plant

The following points should be considered:

- i) Nuclear energy is not cheap.
- ii) Nuclear power is not more than 2 per cent of the power generated.
- iii) Nuclear reactors are being purchased by the government only under pressure and threats.
- iv) Unlimited profits will be cornered by US and France.

- v) Very high risk potential is associated with nuclear plants.  
vi) Alternative energy sources are available, which should be tapped.

### B) Coastal Corridor

Government plans to establish coastal corridor from Srikakulam to Nellore (in 9 districts) in an area of about 1575 square kilometre. Ten lakh acres of land is being acquired. Petroleum, chemicals, petro chemicals, power, fertilisers, gas based industries, air ports, sea ports, air cargo terminals, oil drillings, thermal parks, hubs, oil refineries, etc. are planned to be established. In this process, people have to vacate their villages, forego lands, etc. It is reported that one crore farmers, 40 lakhs agricultural labourers, 80 lakhs fishermen will be deprived of their livelihood. Agriculture will be totally destroyed. Environment will be degraded in the entire region including the ocean. All this so called development is to ensure the profits to the ruling classes and imperialists. The people have become simply sacrificial goats in this cruel drama.

## VII

### Development for Whom?

**IT IS TRUE** that several irrigation dams are constructed and agriculture in the country progressed due to irrigation and several other factors. A large number of large and medium industries are established. Service sector is abnormally expanded. Trade sector has grown by leaps and bounds. The GDP has grown. A lot of development is said to be achieved in the country. We have already seen people, by and large, have not derived real benefits from development. The fruits of development are usurped by landlord, capitalist and imperialist forces. The state policies are formulated and implemented to aid and strengthen these forces to corner and loot the fruits of development. Our domestic capitalist always subservient, dependent and colluding with foreign capital. It means that the capital of domestic and foreign shall be unequal. Imperialist forces loot our wealth and development.

The state provides power, steel, chemicals, transport and communications and other infrastructure to capitalist industrialists. State also provides capital / credit and other support to them. Thus industries are established with several subsidies, royalties, incentives to industrialists. Development is made possible in this way. But the fruits of development are knocked away by capitalists, both domestic and foreign, corporate companies, business and industrial houses, contractors, market forces, transnational companies and imperialist forces. In fact, the liberalisation, privatisation and globalisation policies of the Indian state have laid sound foundation for feudal, capitalist and imperialist oriented development model.

Further, the development model adopted has led to

unequal growth among different sections of the people, different sections of the economy and different regions in the country. The so called 'trickle down' theory has totally failed. As already stated the poverty of the people is still quite significant and substantial. The discussion in the foregone paragraphs clearly establishes that the development model adopted is not people-oriented or people-centric, which has failed to eliminate massive poverty deprivations and human misery.

## VIII

### Alternative Development Model

**THE** development model should be based on 'self-reliance' principle. The model should be in the interest of the people but not to harm them. Development should aim at utilising all the natural resources to the extent that it serves the needs of the people, but not to serve the consumerism of the elite. Agricultural development should be farmer-centric and it should be part of radical land reforms. Social safety of the people should be part of the development. Health care, hygiene and education should receive the priority attention. Development should be with least destruction or damage to the environment.

Mining and industries should not be used for the profits of the corporates, capitalists and MNCs. They should serve the interests of the local people in particular, and the people at large in general. All the mineral resources should not be mined in a big way. Posterity should be kept in mind. No export of mineral resources in the raw form should be allowed. Industries to be established should be such that to meet the basic necessities of the common people. Development should lead to fair distribution of income and wealth and should help in the establishment of an egalitarian society. ●

**Table I : Farmers suicides in one month period in six districts of Andhra Pradesh (from 7th October to 8th November 2011)**

District	No. Of suicides
Adilabad	18
Medak	13
Karimnagar	13
Khammam	17
Mahaboobnagar	10
Anantapur	24
Total	95

*[Presidential address of Prof. K.R. Chowdry, Rtd. Head of Department of Agricultural Economics, Acharya N.G. Ranga Agricultural University, Hyderabad. to XXX Annual Conference 11-12 February, 2012 Department of Economics S.V. Arts College Tirupati]*



# ANTI-NUCLEAR PROTESTS MARKS TSUNAMI AND FUKUSHIMA ANNIVERSARY IN JAPAN

**J**APAN fell silent on 11th March to honour the 19,000 people killed a year ago in a catastrophic earthquake and tsunami that triggered the world's worst nuclear crisis in a generation. Anti-nuclear demonstrations were held across the northeast region where an estimated 160,000 people were forced to evacuate after the monster waves triggered a meltdown at Fukushima nuclear plant. Millions were forced to flee in the shadow of Fukushima which began toxic radiation over homes and farmland as the meltdown started unleashing the worst nuclear disaster after Chernobyl. The 20 km exclusion zone imposed around the Fukushima plant is likely to remain uninhabitable for years, perhaps decades. In the nearby city of Koriyama around 16,000 people rallied to demand an end to nuclear power in Japan. The demonstrators shouted that the crisis and the hardship created by Fukushima meltdown are still going on. The slogan across Japan on that day was "No Nukes".

## **Karnataka: Mass Dharna Against Kaiga Nuclear Plant and Gogi Uranium Mining**

**BASED** on the call given by the ICOR-ILPS and central committee of the CPI(ML), on March 11th the Fukushima day was successfully observed in Karnataka. The state committee of party organized week long campaign with basic slogans: No to Nuclear Plants, No to Nuclear Arms. The Kaiga nuclear plant in Uttara Kannada district started operation in 1985 through suppressing people's movement. People of surrounding villagers are suffering various unidentified diseases. The affected people start dharna in front of Karwar DC office for last two months. Party declared support and as part of Fukushima day organized rally and mass dharna at Karwar. The rally start from Subhash circle to DC office was led by party state secretary B Rudrayya and other comrades. A memorandum to president of India through deputy commissioner demanding the shutting down of the nuclear plant and rehabilitation of people of affected villages was sent.

Gogi village is 35 km distance from Yadagiri district head quarter and 25 kms from Krishna river which is the only source of water for whole North Karnataka and half of Andhra Pradesh. In the name of exploration the uranium, the Atomic Energy Commission has started mining without environmental clearance from 2006. which is opposed from the beginning by CPIML. On March 11 the Party Yadagiri district committee organized mass dharnas in front of District Commissioner office. Students and teachers from Gogi area also participated. Mass dharna was addressed by comrades R Manasayya, Party PB member, B Basavalingappa, CC

member and Yadagiri district secretary Sharanabasava also addressed the dharna. It received effective attraction from the media. It was announced that from April second week district level peoples march will be organized demanding the closure of the uranium mining.

## **Kolkata: Fukushima Day observed**

TUCI and RYFI jointly observed Fukushima Day in Kolkata, West Bengal. A seminar was held by these two organizations against nuclear power in general and nuclear bombs in particular. The seminar, held in Khardaha, in the northern suburbs of Kolkata, was attended by workers' representatives, youths and democratic people of the locality. TUCI General Secretary Sanjay Singhvi and RYFI Central Executive Committee member Shankar Das addressed the seminar.

## **Chhattisgarh: Raipur Meeting Calls for No to Nuclear Power**

**ON MARCH 11** a well attended meeting with many of the progressive intellectuals participating, was held at Mayaram Surgan Smriti Bhavan, organized by the Krantikari Sanskritik Manch (KSM), Raipur committee, RYFI and AIRSO on the Fukushima Day with the slogan *No to Nuclear Power*. The main speaker, Lalith Surgan, chief editor of *Desabandhu*, recalled what happened to millions around Fukushima one year ago when the nuclear plant their faced meltdown following the tsunami. Still the Indian government is insensitive to this serious issue which cannot be allowed to pass without resistance. All the speakers including Mridul Sengupta of TUCI, VP Ojha and others called for continuous campaigns and movements to mobilize the people against the catastrophe created by nuclear and ecological disasters. The signature campaign as called by ICOR-ILPS was launched with large number of people signing it.

## **Tamil Nadu: Fukushima Day Observed as Anti- Nuclear Power Day**

**IN COIMBATORE**, the police didn't give permission to organize a public meeting on this occasion. So only the signature campaign was started. At Dindugul also the signature campaign was started. In Madurai, on March 12th the Public meeting was held in Sozhavandan presided by com. Muthukumar CPI(ML) area secretary. The meeting supported the agitation against the commissioning of the Koodankulam Nuclear Power Plant and for the shutting down of Kalpakkam plant. ●

# SYRIA : OPPOSE FOREIGN INTERVENTION !

**W**HEN the *Arab Spring* started blossoming with people coming out in the streets for democracy and social justice across a number of countries in North Africa and West Asia, Syria was no exception. Gone were the days when the Baath movement influenced by Soviet Union nationalized the industries, distributes the land and implemented egalitarian policies under state capitalist control. The bureaucratic control under a dictatorial presidential system had compelled the people to revolt.

But one thing that must be clearly stated is that the imperialists can play no positive role in Syria as they themselves are the butchers of whatever democratic practice was existing in many countries. So democratic forces should condemn totally any imperialist meddling in Syrian affairs. Across the Middle East, the role of imperialism has been completely exposed.

The brutal occupation of Iraq and Afghanistan has seen hundreds of thousands of civilians perish, while no progress whatsoever has been made in terms of the living standards of the people, democratic reforms, women's equality or economic growth. Imperialism has left a legacy of warlord-ism, corruption and sectarian conflict, while big corporations have made massive profits from the oil wealth, 're-construction' and arms manufacturing.

When mass upsurges took place in Tunisia, Egypt and Bahrain, the imperialists openly supported the old ruling regimes and gave them military aid. The US and Canada continues to ship arms and tear gas to the Egyptian military council of General Tantawi. Likewise Saudi Arabia continues to be a major recipient of Western arms while they brutally crushed the revolution in Bahrain.

The Syrian regime is directly tied to Russia and Iran. It has also been a working partner with US and Israeli imperialism. It must be said, however, that at the current moment, it seems that the Western imperialists are very hesitant to intervene directly in Syria. They have limited their activity to condemning the Syrian regime, and promoting their local stooges. The West is trying to continue to manoeuvre against the revolution through their friends in the Syrian National Council (SNC). The interests of the imperialists are irreconcilably antagonistic to the interests of the workers, peasants and youth of the Middle East.

The imperialists wish to plunder the resources of the region and find markets for their products. The masses in the region are rising up precisely against this plunder and wealth inequality. The massive confidence and revolutionary consciousness sparked by the Arab Spring directly threatens the interests of the imperialists. None should have any illusions about the counter-revolutionary role they play.

Imperialist should be asked to hands off Syria! The Syrian people should be allowed to settle the score with Assad regime.

The present official "leaders" of the movement have successfully antagonized significant sections of the population. The upsurge has been advancing painfully slowly precisely because sections of society that objectively should be with it have not lined up behind it. The fact is that because of a series of factors – among which the pro-imperialist nature of the SNC and its collaboration with imperialism – Assad still maintains a degree of support, and has been able to use ethnic divisions to his advantage.

All these factors emphasizes the importance of decisive leadership that is able put forward a concrete programme of political and economic demands, of both a democratic and socialist nature and thus cut across the sectarian divisions. It is precisely the lack of such a programme that is the greatest weakness of the revolution.

Some of the "leaders" are in fact presenting the movement in sectarian or religious terms. The presentation of the movement as "Islamic" turns many ethnic and religious minorities away from the movement, as well as a significant section of secular and progressive minded Syrians, particularly those in Aleppo and Damascus. The counter-revolutionary war of the Assad regime is not a war against Islam – it is a war against the Syrian people – but because of the nature of the leaders of the opposition it can be presented as such.

Advancing social and economic demands would prove decisive, and would cut across ethnic and religious divisions. This should include the demand for the re-nationalization of all industries that have been privatized by the Assads, the establishment of workers' democratic control in the workplace, expropriation of the assets and companies of the Assad clique and re-establishing subsidies for basic goods. The pressing needs for employment, housing and services should be made a priority of the revolution.

The Syrian people have shown great revolutionary instinct. The examples where they have established popular councils to replace the old state apparatus and co-ordinate social and economic life in certain cities show the way. The establishment of a revolutionary army, from the ranks of the soldiers and armed civilians, was a massive step forward, but unless this is accompanied with a revolutionary socialist programme, the sweep of the revolution shall remain limited, and it will not be able to bring out the full potential that exists. But all these initiatives require the leadership of a revolutionary party which is lacking. The present Syrian

communist leadership is reformist and is incapable of leading the upsurge in a positive manner.

Lack of a genuine revolutionary leadership is the problem confronted by all the people's upsurges which broke out in a number of countries. The recent events in many areas of Syria confirm this fact. The current leadership continually calls for "unity" in the face of any criticism. In fact, with the excuse of this so-called "unity" they attempt to crush any genuine opposition to their attempts to take

over and emasculate the revolution. It is they who are dividing the movement through their actions.

A genuine leadership must cut across sectarian divisions, oppose all foreign intervention and advance social and economic demands to solve the pressing needs of the people. Such a leadership, that could unite the different sides of the movement, could win the necessary majority that could end the brutal reign of the Assads once and for all, and establish a genuinely democratic Syria. ●

## PAKISTAN: HUGE POPULATION LIVING BELOW POVERTY LINE

**P**OVERTY in Pakistan is a continued source of concern. Although the middle-class has grown to 40 million, nearly one-quarter of the population is classified poor as of October 2006. As of 2007-08, 17.2% of the total population lived below the poverty line, which is the lowest figure in the history of Pakistan. The declining trend in poverty as seen in the country during the 1970s and 1980s was reversed in the 1990s by poor federal policies and rampant corruption. This phenomenon has been referred to as the poverty bomb. The government with help of IMF has prepared an Interim Poverty Reduction Strategy Paper that suggests guidelines to reduce poverty in the country. Pakistan fairs better than India and Bangladesh on most poverty markers such as the UN MPI index and its poverty rate is below compared to both India and Bangladesh.

In 2009, Pakistan's Human Development Index (HDI) was 0.572, higher than that of nearby Bangladesh's 0.543. It was lower than that of India's 0.612.

Incidences of poverty in Pakistan rose from 22–26% in the fiscal year 1991 to 32–35% in the fiscal year 1999. They have subsequently fallen to 25–26% according to the reports of the World Bank and the UN Development Program reports. These reports contradict the claims made by the Government that the poverty rates are only 23.1%. Furthermore, the poverty rate declined to 17.2% in 2007-08 according to the World Bank. According to the HDI, 60.3% of Pakistan's population lives on under \$2 a day, compared to 75.6% in India and 81.3% in Bangladesh, and some 22.6% live under \$1 a day, compared to 41.6% in India and 49.6% in Bangladesh

Wealth distribution in Pakistan is highly uneven with 10% of the population earning 27.6% of income. According to the UNHD Report, Pakistan's human development indicators, especially those for women, fall significantly below those of countries with comparable levels of per-capita income. It also has a higher infant mortality rate (88 per 1000) than that of South Asian average (83 per 1000).

According to the World Bank, in 2012 its poverty figures had reached to 53 percent from the last year's 49 percent.

Vulnerability in this case stands for the underlying susceptibility of economically deprived people to fall into poverty as a result of exogenous random shocks. Vulnerable households are generally found to have low expenditure levels. Households are considered vulnerable if they do not have the means to smooth out their expenses in response to changes in income. In general, vulnerability is likely to be high in households clustered around the poverty line. Since coping strategies for vulnerable households depend primarily on their sources of income, exogenous shocks can increase reliance on non-agricultural wages. Such diversification has not occurred in many parts of Pakistan, leading to an increased dependence on credit.

While economic vulnerability is a key factor in the rise of poverty, vulnerability also arises from social powerlessness, political disenfranchisement, and ill-functioning and distortionary institutions, and these also are important causes of the persistence of vulnerability among the poor. Other causes of vulnerability in are the everyday harassment by corrupt government officials, as well as their underperformance, exclusion and denial of basic rights to many in Pakistan. Also, lack of adequate health care by the state lead the poor to seek private sources, which are expensive, but still preferable to the possibility of medical malpractice and being given expired medicines in state run medical facilities. Also, the failure by the state to provide adequate law and order in many parts of the country is a factor in the rise of vulnerability of the poor.

By the end of the 1990s, the manner in which power is exercised in the management of a country's social and economic resources for development emerged as Pakistan's foremost developmental problem. Corruption and political instabilities such as various separatist movements in Balochistan and Waziristan resulted in reduction of business confidence, deterioration of economic growth, reduced public expenditure, poor delivery of public services, and

undermining of the rule of law. The perceived security threat on the border with India has dominated Pakistan's culture and has led to the domination of military in politics, excessive spending on defense at the expense of social sectors, and the erosion of law and order.

Pakistan has been run by military dictatorships for large periods of time, alternating with limited democracy. These rapid changes in governments led to rapid policy changes and reversals and the reduction of transparency and accountability in government. The onset of military regimes have contributed to non-transparency in resource allocation. In particular, the neglect by the Pakistani state of the Balochistan and Khyber Pakhtunkhwa has rendered the region poverty-stricken. Those who do not constitute the political elite are unable to make political leaders and the Government responsive to their needs or accountable to promises. Development priorities are determined not by potential beneficiaries but by the bureaucracy and a political elite which may or may not be in touch with the needs of the citizens. Political instability and macroeconomic imbalances have been reflected in poor creditworthiness ratings, even compared to other countries of similar income levels, with resulting capital flight and lower foreign direct investment inflows. The current government of Pakistan has professed commitments to reforms in this area. In addition, Pakistan's major cities and urban centres are home to an estimated 1.2 million street children. This includes beggars and scavengers who are often very young. The law and order problem worsens their condition as boys and girls are fair game to others who would force them into stealing, scavenging and smuggling to survive. A large proportion consumes readily available solvents to starve off hunger, loneliness and fear. Children are vulnerable to contracting STDs such as HIV/AIDS, as well as other diseases.

The recent 2010 and 2011 floods have accentuated differences between the wealthy and poor. Abdullah Hussain Haroon, Pakistan's diplomat to the UN, has alleged that wealthy feudal warlords and landowners in Pakistan have been diverting funds and resources away from the poor and into their own private relief efforts. He also alluded to evidences that landowners had allowed embankments to burst, leading to water flowing away from their land. There are also allegations that local authorities colluded with the warlords to divert funds. The floods have accentuated the sharp divisions in Pakistan between the wealthy and the poor. The wealthy, with better access to transportation and other facilities, have suffered far less than the poor. Pakistan is home to a large feudal landholding system where landholding families hold thousands of acres and do little work on the agriculture themselves. They enlist the services of their serfs to perform the labor of the land. 51% of poor tenants owe money to the landlords. The landlords' position of power allows them to exploit the only resource the poor can possibly provide: their own labor. ●

*(An analysis of Pakistan today)*

## US-NATO-ISRAEL AXIS HANDS OFF IRAN

**A** **DECADE** and more ago the US imperialists and their NATO allies had attacked in the name of destroying the 'Weapons of Mass Destruction' Saddam was supposed to have. It led to total devastation of this once prosperous country and to the massacre of a million people. But it is established that the bogey of WMDs was a cover to occupy that country, take control of its petroleum deposits and to install a puppet government there. Now the same barbarous scenario is once again created by the US-NATO-Israel Axis, using the bogey of 'trying to make nuclear bombs', in order to launch aggression against Iran, to destroy the present anti-US forces in command there, to install a puppet government and to control the rich petroleum resources there. Once again the UN is utilized as a tool to provide a cover for this aggression.

Whether Saddam or the present rulers of Iran were/ or are the best example of progressive forces or not is not the question today before the world proletariat and the oppressed peoples in the world. The basic question is whether this fascist axis powers should be allowed to trample the sovereignty of all other countries to satisfy their never ending lust for plunder and world hegemony. Should they be allowed to attack, occupy, impose puppet rulers and plunder country after country using UN like tools, the compradore ruling cliques in different countries serving them and their lackeys. Should this worst form of neo-colonial hegemonic attacks be allowed to be continued?

It is high time the proletarian forces and oppressed peoples around the world start raising their voice against these aggressions by this fascist axis. Let us raise our voice in unity: ●

**US-NATO-Israel Axis Hands off Iran!**

**Workers of the world and oppressed  
people Unite against this fascist axis!**

***Varga Porattam*** (Tamil Monthly)

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# POLITICAL ORGANISATIONAL REPORT

[Excerpts from the Political Organizational Report adopted by the Ninth Congress of the CPI(ML) held in November, 2011- *Red Star* ]

## 1. Introduction

1.1 The Ninth Congress of the CPI (ML) was convened by the Central Committee at a critical juncture in the history of our country, after successfully completing the tasks entrusted to it by the All India Special Conference held at Bhopal in November 2009. It is convened when the Party reorganization process initiated by a section of the CPI (ML), the erstwhile Central Reorganization Committee of the CPI (ML), from October 1979 has reached an important stage. The *Party Programme*, the *amendments to the Party Constitution* and the *Political Resolution* along with this *Political Organizational Report* presented to the Congress, the study on *Imperialism in its neo-colonial phase* released during the Congress, the development of the Party organization compared to what it was during the Bhopal Conference, the formation of the class and mass organizations at all India level and the various campaigns and struggles taken up during this period reflect the level to which the reorganization process has reached at ideological, political and organizational levels. At the same time, it does not mean that the reorganization of the Communist Revolutionary forces in the country is completed. In a vast country like India with a history of nine decades of communist movement, a number of organizations who belong to the broad left spectrum or even upholding the Naxalbari Uprising exist in different regions. We have not take the campaigns and ideological struggle based on the line put forward by us to all of them effectively so far. So the reorganization of the Party and building it as a powerful organization at all India level is going to be a long drawn process. At the same time, by developing the ideological-political line and rejecting the sectarian line of the Eighth (First) Congress of 1970, based on the evaluation of past experience and based on the study on *Imperialism in its neo-colonial phase*, the Party has reached a distinctly advanced stage. Besides, in the founding of the *International Coordination of the Revolutionary Parties and Organizations* (ICOR) as a step towards reorganization of the Communist International also the Party could play an important role. It is based on these positive developments the Ninth Congress is convened, so as to consolidate and to carry these attachments forward.

1.2 After the disintegration of the CPI(ML) soon after the Eighth Congress and after the same thing happening to non-CPI(ML) sections of the Communist Revolutionaries also, the unity of these CR groups was the most actively discussed subject then and later. As almost all of them had

agreement on the basic approach towards the ideological guideline, character of Indian state and society, on stage and path of revolution, apparently there should not have been any difficulty to unite. But when the question of actual unity/merger was taken up, in spite of this apparent unity, serious differences on strategy and tactics cropped up. As a result, either unity eluded them or the unity arrived at among some of these groups did not last long. Meanwhile, very important developments were taking place both at international and national levels. Based on the analysis and approach towards these developments, new orientations, though they may not be very explicit many a times, were emerging among the broad spectrum of the 'left' forces in the country. So, the repetition of the CR unity or Marxist-Leninist unity in the old sense has lost its importance in the general sense. A new situation has emerged when unity is possible only based on the unity in the approach towards the ideological-political-organizational line and on the path and tactics of revolution.

1.3 Both CPI and CPI (M) and their Left Front have degenerated to social democratic positions and are pursuing the ruling class policies wherever they come to power. A number of groups like RSP and SUCI from late 1940s, and even some groups which claim to uphold Naxalbari Uprising, have taken the stand that India is a capitalist country and stage of revolution is socialist, even while most of them are claiming to differ from each other on 'ideological questions'. On the other end of the spectrum, the CPI (Maoist) is pursuing the sectarian, anarchist line, mechanically repeating the CPI (ML) line of its formative years, distorting the contributions of Mao Tsetung as 'Maoism' in more dogmatic forms, which often degenerates to reformist ways. There are a number of CR groups who claim to have adopted the mass line and the utilization of all forms of struggle in words, but still uphold the 'semi-colonial, semi-feudal, people's war' line or the 'Chinese path' mechanically. They are neither prepared to search for the reasons for the severe setbacks suffered by the international communist movement (ICM) and the communist movement in India, nor to evaluate the significant developments which took place at international and national levels during the post-Second World War (SWW) period, nor to develop the Marxist-Leninist understanding and line according to present concrete conditions. As a result, unity is eluding these organizations.

1.4 In this situation, in the process of evaluating the past experiences of the ICM and the communist movement

in India, trying to make a concrete analysis of the developments which took place during the post-SWW decades and waging uncompromising struggle against all erroneous trends and alien positions, the present CPI (ML) line has emerged. It upholds the heritage of the nine decades of the communist movement. At the same time, on questions like upholding the leading role of proletarian internationalism and world proletarian socialist revolution while pursuing revolutionary struggles and building socialism in each country, on analyzing the transformation of colonial forms of plunder and domination by imperialism to neo-colonial forms during post-SWW period, on the analysis of the present character of state and society, on path of revolution and building of socialism, and on issues concerning the building of a Bolshevik style Party and class/ mass organizations, it has serious differences with the documented positions of the above trends/parties/organizations/groups. Unity is possible only by arriving at basic agreement on these ideological-political-organizational issues. The challenge before the CPI (ML) is to establish its line, mobilize the masses and intensify the people's upsurges against the ruling system on the one hand, and to continue the reorganization of the Party so as to make it capable of leading the (People's Democratic Revolution) PDR to victory. It is in this context the significance of the Ninth Party Congress should be seen.

## 2. From Eighth to Ninth Congress

**2.1. The First Congress of the CPI (ML) or the Eighth Congress of the Communist movement in the country, took place in 1970 in an entirely different situation compared to the present one in which the Ninth Congress is being held. At that time, though the Soviet Union and the East European countries had degenerated to capitalist path dragging a large number of the communist parties formed during the Comintern period along with them to revisionist path, the Communist parties of People's Republic of China and Albania, were still pursuing the socialist path fighting against the degeneration of these former socialist countries and parties. The *Cultural Revolution* in China which had put forward the 'theory and practice of continuing the class struggle under the dictatorship of the proletariat' in the socialist countries, was inspiring the revolutionary masses. Mighty national liberation struggles were sweeping across the Indo-Chinese countries (Vietnam, Laos and Kampuchea), challenging the US led imperialist camp. It was in this objective situation the CPI (ML) and a large number of Marxist-Leninist parties and groups were formed in a large number of countries across the world.**

2.2. But by the time of its 9th Congress in 1969, the CPC had almost abandoned the approach put forward during the *Great Debate* against Soviet revisionist line, including the *Proposal Concerning the General Line of the ICM*. It had come under the domination of a left adventurist line based

on an erroneous analysis of the world situation that the era of imperialism and proletarian revolution, or the era of Leninism, has transformed to the 'era of total collapse of imperialism and worldwide victory of socialism' when 'Mao Tsetung Thought is the Marxism- Leninism of the new era'. Besides, along with the capitalist roaders who were working hard to usurp power in spite of the removal of Liu Shaochi and Deng Tsiaoping from positions of power in 1966, the Lin Piaoists, using left phrase-mongering were using the army to put down the Cultural Revolution when it had reached its peak by 1967. In the absence of any international platform to discuss these developments and the sectarian line which emerged calling for 'armed struggle as the only form of struggle', this 'Chinese Path' advocated by the CPC was mechanically followed by all the newly emerging ML parties. In India this line dominated the CPI (ML) as well as the non-CPI (ML) groups alike, with the former taking the 'annihilation line or individual annihilation' as a way to initiate armed struggle. The Bolshevik concept of party building, organizing class/mass organizations and developing all forms of struggle according to concrete situation were abandoned. In spite of the initial enthusiasm and revolutionary leap created, the movement could not sustain them, and it came under severe suppression. It was cut off from the organized masses due to the sectarian line. As a result, the CPI (ML) splintered in to numerous groups. The same was the fate of the non-CPI (ML) groups also.

2.3. By 1971 the left adventurist line of the CPC was replaced by 'centrist' positions, along with concepts like Soviet social imperialism was more dangerous than the US imperialism. The stress given to proletarian internationalism and the support extended to revolutionary struggles all over the world including the enthusiastic support given to the ML forces the world over till then was diluted or stopped. Even when US was carpet bombing Vietnam up to Chinese borders and massacring tens of thousands, Nixon was invited to visit Beijing in 1971 in the name of responding to 'Soviet threats'. Though the 10th Congress of the CPC in 1973 rejected the 9th Congress positions, no satisfactory explanations were put forward for this. Soon after the death of Mao, the capitalist roaders usurped power, put forward the class collaborationist 'Theory of Three Worlds' and intensified capitalist restoration through the 1978 'Four Modernization' drive. Soon, the PLA under the leadership of Enver Hoxha in Albania also took opportunist positions and degenerated to positions similar to what happened in other East European countries earlier. The great enthusiasm created by the victory of the Indo-Chinese peoples in 1975 was soon drowned in these severe setbacks suffered by the ICM.

2.4. The CPC during its socialist days had attacked the Soviet revisionists for becoming 'apologists of neo-colonialism' and later for becoming contenders with US for implementing it. Soon after capitalist restoration, the Dengist

leadership in China also pursued the same path speeding up its transformation to a social imperialist country. The imperialist camp led by US was facing a serious crisis during these years due to *stagflation* which had surfaced by 1970s and due to the military defeat in Indo China. The degeneration of China to capitalist path was a big boon for it. Relieved of the opposition from the socialist forces, it went ahead with the intensification of neo-colonization and imposition of 'neo-liberal' policies using the IMF and World Bank to wriggle out of the crisis.

2.5. These significant developments at the international level had their impact in India like the people's upsurges against the Congress governments at centre and in states driving the Indira Gandhi government to impose the internal emergency to suppress the growing resistance against her government. It was followed by severe defeat suffered by Congress in 1977 elections and significant changes taking place in the industrial and agrarian fields under the 'Janatha Party' govt. In spite of all these, the splintered ML groups did not find it necessary to make any basic changes in the evaluation of the concrete situation or in their strategic approaches. So, except adopting the mass line including the participation in elections, none of them found it necessary to make any change in their basic approach towards the emerging Indian situation or in their ideological line and Party Program. Similarly, though the CPI (ML) Liberation claimed to have rejected the earlier sectarian positions, went through the IPF experience and emerged as a fairly big organization by 1980s, it also refused to make any change in its basic approach. It upholds China still as a socialist country even after all other organizations have changed their evaluation about it. It did not make any basic change in its approach towards analysing the emerging Indian situation and strategic approach. It still persists in this line even after significant changes have taken place during the last four decades at international and national level. Almost same is the case with most of the other groups, in spite of adopting the mass line.

2.6. As far as the CPI (Maoist) formed in 2004, out of the merger of CPI(ML) People's War and Party Unity first and then with MCC, is concerned it persist with the 1970 line in more dogmatic forms. Though it talks about neo-colonialism, it has not made any basic change in the analysis of Indian situation or in the strategic line. On the contrary, upholding the 'new era' theory of the 9th Congress of the CPC, it has adopted 'Maoism' as its ideological guideline. Declaring armed struggle as the only form of struggle, it persists in squad actions and often deviates to reformist positions by supporting ruling class parties during election time.

2.7. During the last four decades, as a part of the transformation of colonial policies to neo-colonial policies under US leadership, vast changes have taken place and they are reflected in all fields. The old feudal, semi feudal

agrarian relations have undergone phenomenal changes through 'land reforms from above'. It has replaced the old feudal landlords with new landlords who are agricultural bourgeois or rich farmers, prepared to open the agrarian sector first to *green revolution* of 1950s and now to the *second green revolution*, bringing in corporate houses and MNCs to the agrarian sector more than ever. This has made vast changes in the character of the classes and class relations in this sector and in production relations. Neo-colonization and consequent 'neo-liberal' policies have made extensive changes in all fields. Intensification of the plunder of natural and human resources and extensive growth in outsourcing to India have made big increase in GDP and the emergence of a super-rich class. But these changes have only intensified the imperialist strangle hold in all fields including capital, market and technology, on the one hand and attack on the people on the other.

2.8. Internationally, the imperialist forces beset with growing crisis of finance capital are intensifying the 'neo-liberal' policies to plunder working class in their own countries and the oppressed peoples. While inter imperialist contradictions are manifested in the cut throat competition at the level of the capital-market forces and technology, receding the possibilities for inter-imperialist wars, during the last few decades US and its allies have intensified bullying and interference and launched numerous wars of aggression to put down any form of dissent from the political leaderships of the countries under neo-colonization. It is made easier by the degeneration of all former socialist countries and in the absence of any form of united resistance against imperialist onslaughts.

2.9. It was in this situation a section of the CPI(ML) came out against the capitalist roaders who had usurped power in China promptly and denounced their class collaborationist *Theory of Three Worlds*, which was binding the struggling people behind this or that imperialist or ruling class camp, destroying their independent initiative. The degeneration of China even after Cultural Revolution called for more serious studies to find reasons for the setbacks. Similarly, in the context of the setbacks suffered by the ICM, they stressed the need to give more emphasis on proletarian internationalism. It called for taking initiative to develop fraternal relations with likeminded forces at international level. Within the country, in the post-emergency period a series of farmers movements led by the rich farmer class had broken out. As most of the CR forces, like the revisionists, blindly went behind them, the genesis, growth and class character of these movements demanded deeper studies.

2.10. These problems and enquiries linked with them, led the erstwhile CRC-CPI(ML) to denounce the capitalist roaders in China, their 'Theory of Three Worlds' and 'Four Modernisation drive' uncompromisingly, along with the opportunist line of Enver Hoxha. A joint statement could be released based on this understanding uniting with some of

the fraternal parties in 1979. The new class formations in the agrarian sector called for studies about the 'land ceiling laws', *green revolution* and new agricultural inputs, role of the capital-market forces in this sector. It was based on these initiatives a study was taken up on the changes taking place in the agrarian sector as per the decision of the *First All India Conference in 1982*. It was these studies which led to the understanding about the neo-colonization process intensifying after the SWW.

2.11. Today when the Ninth Congress is convened one can see that like elsewhere in the world in India also the left movement is severely fractured. Any unity among them is possible only based on a theoretical polarisation. So any unity effort and reorganization calls for first analysing the various trends among the broad spectrum of the so-called left forces. The Soviet revisionist trend which created the havoc in the movement initially is still influencing the Left Front parties led by the CPI (M). There are a number of organizations, including those who have splitted from them, who are reluctant to break with the past and go for a revolutionary path. As far as many of the ML groups are concerned, in spite of vast changes taking place internationally and nationally, they refuse take cognizance of them and move forward. Those groups who characterize India as a capitalist country refuse to see that what is developing around them is nothing but *crony capitalism*, with imperialist agencies in the driver's seat. And the 'Maoists' are in a surrealist world of their own, delinked from social reality. In spite of the objective condition becoming favourable for building a revolutionary alternative and to reorganize the Party to lead it, theoretical limitations make these sections shy away from this responsibility.

2.12. It is in this important juncture, in continuation to the studies and practical work, including the continuous Party reorganization efforts taken up during the last three decades, from the First All India Conference of CRC-CPI (ML) in 1982 and from 1987 onwards under erstwhile CPI(ML) Red Flag, and based on the ideological, political and organizational advances made which are briefly explained in following sections, the Ninth Congress was convened by the CC of the CPI(ML). The Party Program presented before the Congress in continuation to the basic documents adopted by 2009 Bhopal Conference: *International Situation and our Tasks, On the Character of Indian society, On Principal Contradiction and On Path of Revolution*, reflects the ideological positions reached by the Party. The empirical study on *Imperialism in its neo-colonial phase* released during the Congress explains many of the questions raised about the transformations that have taken place during the post-SWW decades. Similarly the Founding of the ICOR reflects the efforts to initiate the reorganization of the Communist International, based on the theoretical discussions and debates which have taken place during the last decades. Along with these, a discussion on the

ideological challenges faced by the ICM is also taken up involving all the revolutionary sections.

2.13. Compared to the situation when the Eighth Congress was held in 1970, the Ninth Congress is held at a time when the ICM is organizationally weak. But compared to the difficult four decades we have traversed, when all the former socialist countries were getting degenerated and imperialists and their lackeys were shouting about the demise of socialism, 'end of history' etc, with the beginning of the new millennium the objective situation is becoming increasingly favourable for the revolutionary forces. The polarization of the revolutionary forces is also progressing. In this situation, the convening of the Ninth Congress reflects the completion of a phase in the Party reorganization, more precisely the initial phase. As we have repeatedly pointed out, in a vast country like India with nine decades of communist history, reorganization of the Party, struggling against all erroneous trends and establishing the ideological political line according to the present concrete conditions and making it capable of leading the PDR forward is an arduous and complex task. The Ninth Congress is an effort to sum up the tasks so far completed and show the way forward to shoulder the bigger responsibilities in the coming days.

### 3. International situation

3.1 During the last decade the international scene witnessed many significant developments which have exposed the inherent weaknesses of the imperialist system, especially of US imperialism more than ever. Though in the beginning of the millennium it looked like US was going to succeed to make it its own one, as the Bush administration had arrogantly claimed, the objective situation has changed very fast. After all the military adventures during his two terms of Bush's presidency, during his last days the US economy faced an unprecedentedly severe meltdown which could not be resolved by the frantic moves like bailing out the banks, insurance firms, MNCs etc who themselves caused through reckless speculation and plunder. Continuous reforms in the finance sector could not resolve the crisis which had soon spread to almost all the imperialist centres and to the neo-colonies. If the finance capital took birth with speculative and parasitic character, with monopolization reaching unprecedented levels under neo-colonization, these characteristics were bound to take more vulgar and predatory forms. The only way the imperialists could achieve at least temporary relief was by transferring the burden of this crisis more and more to the shoulders of the working class of their own countries and much more to the people of the neo-colonies in extremely rapacious ways. In spite of all tall claims during his election campaign, this is what Obama is doing without any remorse.

3.2 The US imperialism which took over as the leader of the imperialist camp, replacing British imperialism which



was seriously weakened during the SWW, launched neo-colonisation with full vigour leading the imperialist economies to a spectacular post-SWW boom. But it was only a temporary phenomenon. All the post-War policies including the Keynesian devices and unprecedented advance of technology which had greatly expanded the manufacturing capacity soon started over fulfilling the demands for machinery, consumer goods etc and by the end of the 1960s the boom began to peter out. It was followed by a period of *stagflation* and slowing down of the imperialist economies, soon leading to reversal of many Keynesian devices and introduction of market driven neo-liberal policies. The slowdown had cut down the relative share of US economy in the field of production of machinery and all types of consumer products. Soon it had to mainly depend more on its arms sale and war technology, control over sources of petroleum, nuclear technology and information technology for continuing its hegemonic policies. During the last two decades as the indebtedness of US reached unheard of levels and it started facing stiff competition from China in the field of trade, it had to search for methods to expand these four fields, especially the first two. But as the anti-US movements started gaining strength in Latin American countries, long considered its backyard, the arms sale in this region and the control over the petroleum sources there were adversely affected. So it had to give increasing attention to the petroleum rich West Asia and Northern Africa more than ever.

3.3 By utilizing the opportunity created by the entry of Soviet social imperialist army in to Afghanistan during the last years of 1970s, it promoted the launching of the 'jihad' in Afghanistan using Pakistan as the launching pad. Using Iraq as its front paw a war was launched against Iran. The 'pernicious and sinister' forms of neo-colonization were fully exposed by these barbarous policies, the consequences of which are dangerously felt all over the world. A decade of US involvement in Iraq, the continuing brutal US-led NATO attack on Afghanistan and the aggression on Libya leading to brutal murder of Gaddafi and imposing of puppet regimes in these countries in continuation to the launching of 'war on terror' and campaign of 'clash of civilizations' after heinously promoting Islamic fundamentalism for decades to perpetuate domination over the Arab countries, fully expose its barbaric character. Similar to its dropping of atom bombs over Japan, which was already prepared to surrender, to test its 'efficiency', today it is perpetuating nuclear arms race by maintaining a huge stockpile and promoting the nuclear energy plants, even when it is repeatedly proved that they are nuclear 'time bombs' at present level of development of its technology. It is bullying the imperialist rivals and the neo-colonies to maintain its domination over the 'intellectual property' and IT fields. All these acts of the US imperialists repeatedly prove that it is the worst ever enemy the humanity has ever faced.

3.4 As far as the other imperialist powers, old and new, are concerned, with the territorial division of the world which was one of the principal characteristics of the colonial phase of imperialism no longer in dominance, while Britain and the NATO powers by and large act as allies of the US imperialism, none others go beyond abstaining from voting in UN or its Security Council against its aggressive policies. The inter-imperialist contradictions are at present, in the main, more evident as contradictions in the field of trade, technology etc. It is becoming more intense as China has developed as the world's second economic power and a social imperialist super power contending and colluding with US imperialists for world hegemony. The inter-imperialist contradiction between China and the US imperialism for supremacy in the field of trade is getting manifested in numerous forms. At the same time, the recent developments following the latest crisis of finance capital and the snatching away of whatever facilities were available to the working class, compelling them to launch agitations like 'Occupy Wall Street' in the *belly of the beast*, US, itself, and the spreading of the turmoil in the imperialist system to the European countries on a massive scale have led to intensification of all major contradictions at international level including the inter-imperialist contradictions. In this situation, the possibilities for another flare up cannot be ruled out as imperialism in essence means plunder, and contention among imperialist powers and wars for plunder.

3.5 Under neo-liberal policies the working class has lost most of the rights they had won through centuries old bitter struggles. Every new bout of crisis in the imperialist system is leading to newer onslaughts on the working class. While the benefits so far enjoyed regarding wages, working hours, pension facilities etc are increasingly lost, unemployment and under employment, contract system, 'hire and fire', rise in prices of essential commodities, cost of essential services etc are pauperizing them. While the democratic space in the society is shrinking, they are subjected to onslaughts of reactionary culture. Politically they are increasingly sidelined. In this situation not only in the imperialist countries, but in the neo-colonies also the contradiction between capital and labour is intensifying. It is coming out through the numerous struggles waged in these countries, many times paralyzing the economy. Still the imperialists and their lackeys are succeeding to control them or to put down these agitations as the leadership of the working class all over the world have by and large have compromised with the rulers to a great extent and have abandoned the idea of revolutionary reorganization of the society during the last few decades, as the communist movement had started weakening from the time of the 20th Congress of the CPSU.

3.6 The reactionary consequences of the imperialist globalization policies which are intensifying the neo-colonial onslaughts on the proletariat and the oppressed peoples all

over the world have further aggravated the contradiction between imperialism and the oppressed nations and peoples. This was sharply reflected in the uprisings of the peoples of Latin American countries from the dying years of last millennium. They have led to anti-US governments coming to power in a number of countries and this trend is continuing weakening the hold of US imperialists in the region. The mass uprisings started this year beginning in Tunisia and spreading to a number of the countries of North African and West Asian region have jolted the US imperialists and their allies greatly. They have succeeded in unseating the dictators of Tunisia, Egypt and Yemen and have not lost their momentum yet even after US and its NATO allies have occupied through Libya through their puppets. Though they try to hijack the democracy movement in this way and try to sabotage them as in Bahrain and Syria with the help of compradors like the Saudi king, after many decades of US domination, the people of this region have started to resist it. Though these movements cannot make any revolutionary changes soon as the national liberation forces and the communist parties are almost absent or very weak, they reflect the growing anger of the oppressed peoples and their preparedness to launch great mass uprisings against the oppressors. They also show that the contradiction between imperialism and oppressed nations and peoples is still the principal contradiction at international level.

3.7 The wanton plunder of natural resources including water, forests, land, mines etc. the entry of MNCs and corporate forces in to agrarian sector and the use of GM seeds including the so-called development policies pursued in the name of creating quick GDP growth have led to unprecedented destruction of the environment. It is creating 'global warming' like devastations also. Fukushima like meltdowns is once again raising the threat of another nuclear catastrophe. In spite of these, the imperialists and their lackeys reflecting the basic laws of motion of capital are continuing their policies which increasingly cause ecological disasters. In this context, the contradiction between capital and nature has emerged as another major contradiction at international level.

3.8 The intensification of the contradictions between imperialism and oppressed nations and peoples, between capital and labour, and the sharpening of the contradiction between capital and nature is once again bringing the slogan "not imperialism, socialism is the alternative" before the people more powerfully. This is bringing forward the contradiction between imperialist system and socialist forces with more intensity.

3.9. These developments are having their sharp impact in Asia also. Here both collusion and contention between imperialist US and social imperialist China are getting manifested. If both of them succeeded to contain the flare up in Korean peninsula, at least temporarily, China's claims over South China Sea is utilized by US to turn Vietnam,

Philippines and nearby countries against it. Similarly every opportunity is utilized by US to turn China's neighbouring countries, especially India against it. The hegemonic policies of China in its neighbourhood are utilized by US for it. As a result, the North Eastern, South Eastern, Western and Central Asian regions are increasingly becoming conflict areas. While US with its NATO allies are trying to expand their influence from West Asian region to Central Asian region and US is trying to consolidate its already strong influence in North East through its ally Japan, in South Eastern region through ASIAN, and all over Asia by cultivating strategic relations with its *junior partner*, India, the contradiction between it and China is increasing day by day in numerous forms. As US has recently announced its intention to further intensify its efforts to enter Asia and Australia in a major way in order to transfer burden of the crisis its economy is facing to these regions, Asia and Australia may become new conflict areas at the international level.

3.10. This US interest in Asia is more intensely reflected in South Asia as the developments during the last decade show. The shift in the policy of Indian government from late 1970s, especially during last two decades, from a strategic ally of Soviet social imperialism to a strategic ally and junior partner of US imperialism is fully utilized by the US administration to manoeuvre in this region. It is utilizing the conflict between India and Pakistan, especially when its relations with the latter is worsening day by day with the latter, to promote the former as its front paw to strengthen its influence in South Asia and to block the moves of China to enter this region. As a result, Indian expansionist designs in the region are promoted by US and its allies. The subservience to US for last six decades has almost taken Pakistan to the verge of disintegration. Afghanistan is put under a US puppet regime. In Bangladesh US plunder is intensifying. Though the people of Nepal made history by overthrowing the 250 years old monarchy, the progress of democratic movement there is blocked due to interference by US and India. Sri Lanka is virtually turned in to a military state utilizing the war against LTTE, once again US and India playing reactionary expansionist roles in that country. Same is the fate of Maldives, Bhutan like countries which are dominated by expansionist India government. As a result, while ASIAN has turned in to a strong economic union influenced by US, the SAARC remains a non-starter. For blocking China and to utilize this region as a new yard, the US imperialists are using the expansionist policies of Indian government in a major way.

3.11. It does not mean that the imperialists, especially US imperialists can overcome the ever intensifying crises they are confronting and once again return to their old 'boom' periods. As hitherto developments show the resolution of one crisis only lead the imperialist system to a worse crisis. If the 2008 crisis was temporarily resolved, in 2011 it returned with more fury, threatening the imperialist system more

fiercely as we have already seen. Till it is overthrown and crushed once for ever through a revolutionary restructuring of the human society, the imperialist system will adopt newer and newer forms of plunder and hegemony, if necessary launching more fierce wars for plunder. But it is an objective reality that in spite of all these, the imperialist system is facing its worst ever crisis and the conditions for revolutionary change at global level are ripening fast. With the intensification of the internationalization of production, the international character of revolution is also getting manifested more intensely, calling for strengthening the spirit of proletarian internationalism more than ever.

#### 4 International Initiatives

4.1 From the time the CRC-CPI (ML) was formed in 1979, initiative was taken to establish relations with the Marxist-Leninist parties and organisations at international level. As a result a Joint Communique was issued by seven organisations including CRC-CPI (ML) opposing the capitalist roaders who had usurped power in China and their *Theory of Three Worlds*, opposing the Enver Hoxha line and upholding Marxism-Leninism-Mao Tsetung Thought. In the 1982 First All India Conference fraternal delegates from CPN (Mashal), CP of Ceylon and RCP-USA participated. From 1982 we have taken the stand that the circumstances leading to the dissolution of the Communist International in 1943 and why no concrete steps were taken for its reorganization should be evaluated and a platform of the Marxist-Leninist Parties and Organizations should be formed as an initial step towards the reorganization of the Comintern. In 1984 International Conference initiated by RCP-USA, though our delegation participated in the deliberations and put forward our positions, we rejected the formation of Revolutionary Internationalist Movement (RIM) and its ideological line which later led it to the formulation of 'Maoism'. Later CPI (ML) Red Flag became an associate of ICMLPO and actively participated in its discussions. It also participated in the ideological debates taking place around the May Day Seminars organized by the Workers Party of Belgium. While participating in the ICMLPO, CPI(ML) Red Flag was always asking for developing it in to an active platform of Marxist-Leninist Parties and Organisations which shall organize solidarity actions and take joint anti- imperialist positions. Along with these, it continued its efforts to establish relations with the organizations in South Asia and those inside ICMLPO and outside who shared revolutionary positions.

4.2 In was in continuation to these efforts, CPI (ML) welcomed the decision of the International Conference of the ICMLPO in 2008 that, while it shall continue as a discussion platform of those parties and organizations agreeing to its basic positions, those parties and organisations who want to take any other organizational step can go ahead and do so. As it had identity of views with MLPD on this question, along with it, it actively

participated in the process which led to the founding of ICOR in October 2010. The CC of CPI (ML) has enthusiastically welcomed the founding of ICOR. It has extended full participation in all its activities as a member of its ICC. The founding of ICOR has provided an active platform for the revolutionary parties and organizations to play more active role in the present world situation.

4.3 CPI (ML) is continuing the initiative to establish and develop relations with fraternal parties and to extend solidarity with struggling people all over the world. As part of it, it is the responsibility of the Party to organize solidarity actions in support of all people's movements and uprisings taking place like the democracy movement still continuing in North Africa and West Asia. Similarly it continues to organize anti- imperialist actions like opposing the US-led NATO war in Afghanistan, aggression on Iraq and Libya by the US-led forces and oppose all interventions, aggressions and bullying by the imperialists, especially US imperialists.

4.4. Similarly it is the task of the CPI (ML) to actively develop relations with the Marxist-Leninist Parties and organizations of Asia, and especially of South Asia and to establish close relations with them in the context when the Indian government as a junior partner of US imperialists is becoming an enemy of the people of the continent and South Asian region. In the coming days it has to intensify these efforts in this direction. ●

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## AGITATION AGAINST SHAI DAM INTENSIFIES

**THE** six year old struggle against construction of Shai dam in Thane district of Maharashtra flared up on 16th March when the project administration started dumping earth at the construction site. Here under the leadership of the Shai Dharam Committee, struggle is going on against Shai dam is going on. Already five big dams are built, but peasants are have no water and are forced to depend on rain. So they are struggling against new big dam, Hearing about it hundreds of peasants got mobilized and under the leadership of com. Prasanth Sarkoth, CPI(ML), Maharashtra state executive committee member, blocked the dumping of earth and the administration's effort was foiled. A large police force arrived and by evening they arrested 21 comrades including com. Sarkoth and detained them in Bhainder jail, 70 kms away. On 17th when they were presented before the court more than 2000 peasants got mobilized and raised slogans demanding their unconditional release. As a result they were soon released on bail and a big protest meeting was organized at Shahpur in which com. Sarkoth and other leaders of the movement declared that the people in the region which include large percentage of adivasis will not allow the construction to be taken up. ●



# BENGAL: CPI(M) STATE CONFERENCE EXPOSES ITS IDEOLOGICAL POLITICAL DEGENERATION

RAVI

**T**HE recently concluded CPI(M)'s West Bengal State Conference had several note worthy features. With all fan fare an atmosphere was created among the people as well as its members that the party in retrospect is going to change the policies and programmes it had adopted and implemented in the state as per the neo-liberal prescriptions of the central government under the leadership of Congress, the faithful agents of imperialists.

The revolutionary left like CPI(ML) had no such illusions. But some people had it, after the humiliating electoral defeats in the legislative assemblies in West Bengal and Kerala. All such illusions might have disappeared if anybody had gone through the text of the draft of the Political Organizational Report the state secretary placed before the delegates in the conference. Though the full text is not yet published, from the speeches of the leaders and comments that appeared in the party organs, the indications are very clear that the party has not done any retrospection and is not ready to roll back the policies and programmes on the so called development agenda.

The Polit Bureau member and the former chief minister Budhadab Bhattacharjee continued to defend the so called development agenda in his hour long speech on the 3rd day of the State Conference. The full text of the speech is available in the party organ Ganashakthi of 18th February, under the head "Go to your own class". The heading will definitely attract a common reader who is interested in the left politics. But if one goes through the entire text, she/he can find the total disarray and contradictions in his speech to confuse the reader. Actually he is on a mission to argue in favour of the neo-liberal policies. Hence he wants to make the common people and party workers feel that the party is in favour of waging class struggle and attain the revolutionary goal and at the same time he wants to make sure and send a message to the MNCs that he still favours the neo-liberal policies and programmes.

Ganashakthi reported that Budhadab, in his speech has given the direction to the cadres and workers, what should be the duties of the cadres and workers in the changed scenario in the State, which clearly establishes the authenticity of the line to be adopted in future. Let us go to the text:

"67% of the State population is from the poor labourers. The poor people, farmers, slum dwellers of cities, organized

and unorganized working force (Budha's favorite middle class is missing) are the class base of the communist parties. In future, the task of the party workers would be to organize these sections of people under the red flag." He also confessed: "What I have said about the strikes was not to be said. I had said this at that time and in front of you also I am saying the same"

"The negative side of the Singoor and Nandigram incidents went against us. But it does not mean that the initiative for industrialization was wrong." See the irony: "Under the Jyoti Basu regime, in 1994 itself, we had adopted the same industrial policies. And the cardinal point was that the left front govt. will implement this policy by basically opposing the neo liberal policies. By using the favourable conditions that came in our way like withdrawing of licensee raj and freight equalization policies due to neo-liberal policies, we will accept that conditions and make use of it. Yes, it was our understanding that though we invite the domestic and foreign capital, we will give stress on medium and small scale sectors". (The people could see the present state of affairs of small and medium industries in our state – more than lakh units are closed down).

He continued: "We will give more importance to agriculture, food processing and production oriented industries, like steel, automobiles, etc. etc." He has also pointed out that: "Foreign investment had come even before adopting this industrial policy in the year 1994. As a result of which Haldia Petro Chemicals was established. Even foreign capital had come to our state from Japan and U.S.A. Hence reaching a conclusion that the decision of Industrialization is not correct will not be correct." See how he is arguing in favour of the steps he had taken for the so called industrialization : "The Government had acquired thousands of acres of land before Singoor and Nandigram incidents and what to say even after this incident, six thousand acres were acquired. There was no any problem. Even in Singoor, majority of the land owners was in our favour. We could not save the small car factory as the Tatas abandoned the project even after completion of 80-85% work, under the excuse of opposition's blockade."

"And on the other side, after the first incident, in Nandigram, within a week, the govt. had notified that there would be no acquirement of the land. But making use of the situation, some people, opposition parties and Maoists



started attacking the people, killing, blocking the roads. Police did not go for acquiring the land but the campaign was so and the entire episode went against the govt. The shooting of police on the people also went against us”

He is not repenting on the entire episode. He did not see any lapses in the policies but only structural faults: See what he says “We should have shown more patience, done more discussion before acquiring land”. We could not convince the people that acquiring of the land was for the interest of the entire society. The section for whose development we were establishing industries could not realize the fact that it is for them we have done all this.” Pointing out the review of the central committee, Budha said: “We should have taken into consideration the fact that due to the neo liberal policies, the natural resources like land, forest, mines etc. are going to the hands of the big corporates.

The contradictions in his speech clearly establishes that how he is direction-less or misleading: “The Left Front Govt. never followed the path of neo-liberal policies. We did not follow the path of states like Maharashtra, Karnataka and others. We followed the alternative path to the neo-liberal policies. We said land reforms will be done here. Even during the 7th left regime we had distributed lands among the poor agricultural labourers (indirectly he is agreeing the fact that even after 34 years of rule in the state, they could not complete the land reforms and distribute the surplus land among the poor). Is it neo liberal policies? Was our Panchayat system, and giving more importance to decentralization were neo liberal policies? Giving importance to the social sectors, education, health, social security projects to poor labourers are definitely following the alternative path to neo liberal policies. We have tried our level best to serve the interests of tribals, scheduled castes, minority etc. These were the alternative path of leftists. Is inviting the big corporate houses to establish industry in our state is only neo liberal policy. Others things are nothing? We were discussing about industrialization in every conferences since 1991. Even in the last conference we had adopted resolution on industrialization.”

Budha continued: “We never said that development won't be the alternative/substitute to class struggle. But to develop class struggle we should take up the developmental projects. It was clearly mentioned in our Party Programme itself that while running the government we should not sit idle but should do something. We should do work on Education, health, industry, etc. The goal of these developmental works is to expand the arena of the class struggle.”

From the above speech one could understand how Budha tries to legitimize his government's action citing examples from their Party Programme itself. He also wanted to remind the central leadership and his critics inside the

party and ordinary cadres that he has not done anything new but just implementing the Party Programme. It clearly establishes the bankruptcy of the Party Programme. In reality the root cause of the problem is the Party Programme itself which helps to promote the neo-liberal policies. The stand taken by the party long back, i.e., in the 90s itself is responsible for today's events. (It is to be noted it was in 1991 the Congress government under the finance ministership of the world bank- returned Manmohan Singh had started full-fledged implementation of the neo liberal policies). In line with the Central Government, the Left Front Govt also followed suit.

In his speech, he talked about the rectification of mistakes committed by the party. But nowhere in the draft document or in the speeches of the leaders it was explained what mistakes they have committed. They are still not admitting that the industrialization policies and land acquiring were wrong. Budha, in his speeches and CPI(M) in its documents, never identified the mistakes as ideological. Instead they are only talking about some sort of organizational and administrative wrong steps and about the organizational inability to convince the people about their “pro-people” work! The party bosses are asking the cadres to seek apology from the people for the mistakes they have committed. But the cadres are in dark about the mistakes they have committed for what they should apologize to the people. See the bankruptcy of the Party.

Though discussing about the CPI(M) is a futile exercise, a big chunk of the working people are still with it, expecting something from the party. We have to explain the real character of their party leadership and their policies. The CPI(M) has not learnt any lesson from the history; it refuses to learn any and will never learn any in future also as it has degenerated to outright social democratic positions. ●

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## UP ELECTIONS : LESSONS

**T**HE present Samajwadi Party has gone far away from even the 'Lohia socialism' of yesteryears. As proved in its earlier stint, it is one of the most ardent supporters of the imperialist globalization/neo-liberal policies. It had ordered the first police firing in the country for enforcing the privatization of a cement factory, killing ten workers. The ruling class and the corporate/ MNC lobby have seen that the regional parties like DMK and AIADMK in Tamilnadu, TDP in AP, BJD in Odisha, TMC in Bengal, JD(U) in Bihar, Akali Dal in Punjab, Shiv Sena in Maharashtra and BSP and SP in UP are more 'efficient' sometimes in pursuing the neo-liberal policies and opening the country to neo-colonization, and so have started supporting them enthusiastically. In UP, as BSP got discredited they soon shifted their preference to SP providing all support which also played an important role in its victory along with other factors like caste and communal equations. This trend may influence even the all India political scene in coming days. So victory of SP is essentially a victory of the corporate/ MNC lobby, which changes its preference according to conditions in each state to advance its interests. The corporate/MNC lobby is so happy that whoever wins among the different ruling/ regional parties or alliances, all of them basically follow the neo-liberal policies very loyally.

It is in this situation the performance of the 'left' parties of various hues, the only force which can throw a challenge against the ruling system if they really are left not only in words, but also in deeds in UP elections should be seen. As SP rejected to accommodate them, the CPI(M) led Left Front parties fielded about 120 candidates. Though CPI(ML) Liberation started talks for joining it, due to differences on seat allocation, it declared its own 42 candidates. All these parties focused only on the number of seats to be contested, but their manifestos did not categorically reject the neo-liberal policies or put forward any alternative to the ruling class/regional parties. So CPI and CPI(M), which had good representation in the vidhan sabha till recently, were wiped out and their voting percentage also went down drastically. CPI which contested 55 seats could get only 99,000 votes, a far cry from the period when it had more than 10 MLAs. Out of this, they got 41,000 votes from Chitrakut seat alone,

getting average 1000 votes each from other seats. CPI (M) contested 18 seats and could get only 54,000 votes, a steep downfall from its past gains. Out of this, it received 36,000 votes from Kuraha seat in Allahabad district alone, thus getting only 1000 votes each from other seats. The performance of Forward Bloc and RSP which contested nearly 20 seats each is not worth mentioning. Liberation which ultimately fielded 34 candidates could get only 33,374 votes. The maximum they got was 5637 votes in one seat. Compared to 2007 elections, their vote share went down sharply. Akhilendra Pratap Singh, who was Liberation's state secretary in 2007 and who left it and formed Jan Sangharsh Morcha (JSM), fielded 27 candidates and got only 19200 votes. Though all of these are projected as 'left' forces by their followers and corporate media, none of them had put forward Election Manifestos basically different from that of the ruling class/regional parties and in effect had had reduced themselves to pseudo left forces.

Contrary to this, the CPI(ML) had fielded ten candidates and supported five based on an election manifesto which projected a revolutionary alternative before the people. It had started its functioning in an organized manner only recently. It collected the fund from the local people and organized campaign propagating its line through its Election Manifesto, handbills and a CD explaining Party line on elections. In spite of all these technical and financial problems and limitations, an effective campaign for a revolutionary alternative could be organized through the active participation of all party and class/mass organization members and the 15 candidates together obtained 33,541 votes (average 2250 votes per candidate), with com. Mukesh from Bahraich (Barabanki district) getting 6066 votes. It shows that if the revolutionary left can wage a political campaign utilizing the available strength of the organization based on a revolutionary manifesto, uncompromisingly fighting the ruling class agenda, it can win the support of ever larger number of toiling people and in the future develop in to a determining force. The election campaign and the votes received by the Part/Party supported candidates are indications of the emergence of the revolutionary left in the state putting forward an alternative before the people. ●

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# SHOULD WE ALLOW US TROOPS "LAID DOWN" IN INDIA?

**O**N 2nd March, 2012, BBC News reported that Admiral Willard, US PACOM Commander told a US Congressional hearing: "We have currently special forces assist teams —Pacific assist teams is the term — *laid down* in Nepal, Bangladesh, Sri Lanka, Maldives as well as India. We are working very closely with India with regard to their counter-terrorism capabilities and in particular on the maritime domain but also government to government, not necessarily department of defence but other agencies assisting them in terms of their internal counter terror and counter insurgency challenges". Both US Embassy in New Delhi and the Ministry of Defence (DoM) reacted stating that no US troops are "stationed" in India. But it is a mere play of words. In US military parlance, *laid down* means deployed for training and assisting in various operations etc. So the US troops are very much on the India soil, *laid down* here.

As the struggle against commissioning of Kudankulam Nuclear Power Plant and against the GM seeds and products are gaining strength, prime minister had the audacity to accuse them as instigated by US funded NGOs. But he is presiding over a government which has allowed US Pacific command to *lay down* US troops in India for training, assisting in 'counter-terror and counter-insurgency' activities!

The same US commander during his visit to India in September, 2010, had proposed: *to expand the existing defence engagement of co-operation and inter-operability between the US and Indian militaries to a 'much richer dialogue' including the Logistics Support Agreement (LSA) and Communications Inter-operability and Security Memorandum of Agreement (CISMOA) to go 'beyond bilateral exercises and sale of military hardware'. And he even dared to propose: 'to slice away bureaucratic procedures for the armed forces to work with each other'.*

It was a case of a US commander openly trying to wean away India's military away from civilian control and much more. Still neither the MoD nor Manmohan opened their mouths even to squeak against it. Why?

Because two major strategic agreements were signed by Manmohan Singh government with US, namely: New Framework Agreement for US-India Defence Relationship, between US Secretary of Defence and the Indian Defence Minister on June 28, 2005. Then, **US-India Joint Agreement** signed between US president Bush and India's prime minister on July 18, 2005. These strategic agreements included civil nuclear co-operation, the Knowledge Initiative in Agriculture (KIA), and closer military ties. But as CPI(M) handpicked the 123 Agreement as an excuse to close its relationship with the UPA, and as it was only projected in the debates and media, Manmohan Singh could give away vital interests of the country in the military, agriculture and many other spheres to the US imperialists. It is in this situation, the US commander Willard had the courage to talk all these arrogant things which any sovereign government would have severely condemned. So, the US troops are not stationed, but laid down in India like in other South Asian countries to indulge in activities which no sovereign government will allow foreign intervention.

Even after surrendering the country so much to the US imperialists, after allowing US to laid down its forces in India soil, the UPA government is continuing in power as none in the opposition has the stand or courage to speak out against this subservience to the Yankees by the government along with its bureaucracy and military. This is the junior partner's role under neo-colonization. Should not the democratic forces, the toiling masses in the country resist and throw out this bunch of compradors who have surrendered the country to the imperialist camp? ●

Statement about ownership and other particulars about newspaper "Red Star Platform For Communist Revolutionaries"

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**Rally and Demonstration at Raichur, Karnataka on Feb 28 by  
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