

Present Political Situation - Our Tasks

CPI (Maoist)

To The Reader

It is gratifying to note that the Resolution of CPI (Maoist) Polit Bureau, on the current international and domestic situation as adopted on December 20, 2008 has reached me at a time when the Kolkata Book Fair '09 has started. As a Maoist practitioner I consider that it is time I bring it out for a wider circulation of Maoist view point on the tumultuous situation occasioned by capitalism's worst economic crisis. Hence the publication.

26th January, 2009

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Present Political Situation – Our Tasks

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Utilise the Excellent crisis situation!

Intervene and carry on each and every struggle of people!

- A call by Indian Maoists

International Situation

During the past one year the crisis in the world capitalist-imperialist system has grown to levels unprecedented since the Great Depression of the 1930s. Manifested initially in the form of bursting of the sub-prime mortgage bubble in the US, it soon became the deepest financial crisis mainly in the US and then spread to EU, Japan and other parts of the world. By November 2008 it assumed the form of world recession after the US, 15-member Euro Zone and Japan officially declared their economies had entered a period of recession. Panic over the ever-deepening financial crisis soon gripped the real economy; exports fell and production had to be slowed down due to decrease in consumer spending in the US and Europe. The ongoing global crisis is not merely a financial crisis but a crisis encompassing all sectors of economy, social and political spheres in all countries.

The past year had seen many fluctuations in the prices of crude oil and commodities rising steeply in the first half and declining in the second half of the year. Reduction of area under food grains production led to acute shortages of food grains worldwide and high prices persisted for most part of the year. Food crisis has now become a worldwide phenomenon which will worsen further throwing a greater proportion of the world population into the clutches of poverty and hunger. In 2008 another 40 million people had joined the ranks of the hungry. Prices of oil ruled at record highs during the first eight months reaching a peak of \$147 a barrel in August and then suddenly plummeting to more than half by September and reaching \$40 a barrel by the third week of November due to drastic decline in automobile sales, lack of demand for land, air and sea transport. Not only oil prices but prices of many commodities like platinum, copper, steel and zinc have fallen by 35-40 % between July-September and agricultural commodities like soya and corn by over 50% due to the fall in

demand resulting from steep declines in purchasing power of the people, industrial closures due to credit crunch and falling demand, and overall economic downturn. Widespread speculation in these commodities is also an important reason for the extreme fluctuation in their prices. Fall in prices of agricultural commodities has affected commodity-producing countries like Australia, Argentina, India and several countries of Asia, Africa and Latin America. Partial or complete closure of industrial giants and lay-offs of millions of workers has become a world-wide phenomenon in 2008. 17 out of 29 steel mill blast furnaces in the L S closed down due to lack of demand. Sales in automobiles, steel, software, electronics, retailing, transport had gone down steeply. Big Three in automobile Industry, which were the icons of American industrial supremacy until a few years ago, are now on the verge of collapse. House prices are the lowest since 1991. In Germany, G.M's Opel plant was closed down. BMW and Daimler had ceased production for some months. Thus gloomy scenes of Depression are looming large on the scenario with continuing fall in demand for capital and consumer goods and even food grains. Agriculture too is badly affected due to non-availability of loans from banks.

The stock markets saw continuous shocks for most part of the year. The Black Monday of September 15 and the crisis-ridden third week of September witnessed the biggest failures of the financial institutions. Lehman Brothers, Merrill Lynch, AIG, Bear Stearns, Freddie Mac and Fannie Mae, and a host of other bankruptcies shook the US and world economy. In spite of huge bail-out; announced by the Bush administration, big banks, and companies continued to fail not to speak of smaller fry. The case of Citigroup, the pride of America, failing in mid-November showed the depths of the crisis. The so-called rallies of stock markets for a while in October proved fleeting moments in the ever-deepening crisis. Stock market: continued to crash even after massive financial assistance by the various governments. Interest rates were cut several times by the Central in the US, Germany, Japan and several countries including India but all to no avail. In the third week of October Japan's Nikkei 225 plunged by 24.5% in five days-the worst weekly performance in Nikkei's 50-year history. Japan initially sanctioned \$18 billion to stave off the crisis but when this did not prevent its economy from sliding into recession by mid-November, it had to announce a huge package of \$265 billion to bail out the financial speculators. Losses in Asia in eight top markets during the third week of October totalled \$870 billion.

The epi-centre of the world crisis lies in the US economy and is rooted in the unbridled growth of various forms of financial speculation such as securitization of debt, sub-prime lending, forward contracts etc., all of which are completely

divorced from the real productive economy. Financial parasitism and the rise of a coupon-clipping, financial aristocracy, which com Lenin described as the essence of moribund capitalism had assumed the most vulgar and rapacious forms in the US at the cost Of industry and trade. It is the unprecedented crisis in the US economy that had exacerbated the crisis in the world economy due to heavy dependence of the world on the US dollar and markets.

The Bush administration, representing the corporate-financial parasitical elite ruling America is desperately striving to push the burden of the ever-deepening crisis onto the backs of the toiling people of the country and on the people of semi-colonial, neo-colonial countries of the world. It had already spent over \$2.5 trillion of taxpayers' money to bail-out the bankrupt financial institutions. The allotment of huge funds to the financial sharks is meant to further fatten them by promoting a wave of take-overs and buy-outs of the smaller sharks leading to further concentration and centralization of wealth. Bail-out plan of Bush had facilitated the take-over of Bear Stearns and Washington Mutual by JP Morgan Chase, Merrill Lynch by Bank of America. Wachovia by Wells Fargo and National City by PNC. Tax-breaks and write-offs were announced for the big banks that took over the relatively smaller ones. The ultimate outcome of the 'rescue plan' of Bush will be financial parasitism at its peak by way of further consolidation of the US banking system and domination of the entire economy by a few mega-banks. Only a small, negligible fraction of the funds will be spent to help the productive sphere and the masses of working people, such is the reactionary essence of the bail-outs which are vehemently opposed by the vast majority of the toiling masses of America. Hence Republican Bush and Democratic Obama have the same solution for the crisis in the US-militarism, war (mainly in the form of regional wars or proxy wars), intervention in other countries in the name of 'war against terror', economic bullying of countries of Asia-Africa and Latin America, and ruthless conquests and plunder of the world resources and people. US imperialism is trying to offset its economic decline by military means. War is also used as a weapon to divert people's attention the deep internal all-round crisis by placing the blame on external factors.

In the November, 4 Presidential election, the ruling financial aristocracy in the US brought Democratic Party's Barack Obama to power to placate the mass of the American people who are totally disenchanted and furious with the policies of republican Bush that led to mass impoverishment at home and anti-Americanism abroad. The American ruling class think') that Obama's African-American descent and his relatively clean image and young age will help refurbish the battered image of American imperialism abroad and that they can more smoothly

and efficiently carry out the interests of the corporate-financial elite than under a Republican candidate. But Obama can do precious little to improve the image of America abroad or resurrect the US economy which is bogged down in a perennial crisis. Obama's policies, both internal and foreign, are not different in anyway than those of Bush. Obama's slogan of helping the Main Street is a shield to hand over tax-payers' money to the Wall Street. And his war-mongering will be even more aggressive than that of Bush. The gravest crisis of American imperialism logically leads it to unleash more wars which, in turn, create greater crisis and social explosion at home and isolation abroad. Moreover, the so-called war on terror is strengthening the religious fundamentalist forces worldwide leading to further proliferation of terrorist attacks.

Today the situation is even more fragile and unstable than during the years of the Great Depression, for the simple reason that unlike the earlier period. when the epi-centre of world crisis lay in Europe and US imperialism could bring relative stability owing to its industrial supremacy and huge financial resources, today it has lost its economic supremacy, became transformed into the largest debtor nation, and, thriving on financial speculation, has no ability whatsoever to ensure stability in the world. On the contrary, today it is American imperialism itself that has become the greatest source of instability and crisis in the world. It has decided to increase its public debt from \$10 trillion to \$113 trillion by next year which is done through heavy borrowings from China and other countries. If China and other countries demand that its loans be paid back it will have a disastrous impact on the US economy. EU and Japan, being themselves crisis-ridden, have no resources or wherewithal to bring any soil of order in the present-day world. Moreover, every, country will try to grab a share of the shrinking markets at the expense of others through protectionism leading to wars of aggression and collapse of some countries. Keynesianism and monetarism had completely failed and, unable to understand the causes for the present stagflation, even mainstream economists are turning to Marx's Capital to understand the phenomenon. After decades of rhetoric about free enterprise, non-intervention of the state in the economy, total privatization of industrial and service sectors, and market being the regulator, there is a massive intervention of governments in a bid to rescue a tiny corporate-financial elite in every country. Besides giving out huge fund to this parasitic class, stock of major banks and financial institutions are bought over by governments, what the media has been depicting as '**partial nationalization**'. Hence no talk of Bretton Woods II or any international regulat-ing body in place of the World Bank. IMF and other US-led Agencies can bring any order despite the boasts of G-20 countries during their

meeting in November. In fact, huge sums of FII money are leaving the countries of Asia, Africa and Latin America. From China alone, sums ranging from \$10 to 25 billion were said to have fled the country until September 2008 itself.

China, the fourth biggest economy in the world, which has been hailed as an engine of growth in the Asia-Pacific region, is also ridden with grave crisis and has closed down thousands of export-oriented industries as it is heavily dependent on the US and EU for export of its goods. For instance, more than half of the toy-exporting industries in China closed for most part of 2008. In turn, this has a deep impact on the economies of Japan and South Korea which are the biggest exporters of capital goods to China. To overcome its crisis China announced a \$590 billion stimulus package. It is more likely that China and other Asian economies will strive to become less dependent on the US and EU and promote more intra-Asian trade and investments which will push the US and EU deeper into crisis.

The gravest global economic crisis since the 1930s has led to an accentuation of all the fundamental contradictions in contemporary world-between imperialism and oppressed nations and people; between the various imperialist powers; and between capital and labour and is leading to political and social crisis of unparalleled dimensions.

The global economic crisis has intensified the inter-imperialist contradictions further. Particularly the contradictions between the US and Russia have grown sharper over oil-rich Caucasian region and NATO's Missile Defence system in Europe. Russia threatened to destroy the European Missile Defence system if US-led NATO goes ahead with its plan to place the missiles in Poland. US recognized Kosovo in February. It pushed Georgia to occupy Tbilisi, the Capital of South Ossetia. In retaliation Russia declared war on Georgia and seized not only South Ossetia but also parts of Georgian territory. After the cease-fire, Russia and SCO (Shanghai Cooperation Organisation) recognized South Ossetia and Abkhazia (which was until then an autonomous re-public in Georgia) as independent countries. Submerged in its own crisis American imperialism chose not to confront Russia at this point of time. Possessing the second largest oil reserves in the world and less dependent on exports, Russia's economy is relatively less vulnerable to the ongoing world economic crisis. It also improved ties with several European countries, China, Iran, North Korea, Venezuela and other countries. Of particular significance is the grow-ing strategic relationship between Russia and China which can have far-reaching consequences in global power equations. The crisis has also created cracks in the European monetary system and has promoted nationalism and xenophobia among some countries.

China has emerged as a big competitor in the world market to the US and other imperialist powers. It has been the fastest-growing economy in the world with over 12% growth rates for several years. Although it has been badly affected by the present world crisis, its growth rate continues to be around 9%. It is trying to develop trade relations with countries of Africa, Asia and Latin America besides political and military alliances in order to extricate itself from over-dependence on US and EU and to eat into their spheres of influence. The recent official visits of top-level Chinese delegation to African and Latin American countries, its growing clout in the APEC (Asia-Pacific Economic Cooperation) Summit, and development of bilateral ties with several countries of the world should be seen as part of this move to seek alternative sources for its exports and investments. China is already the biggest trading partner of Japan replacing the US. It is also striving to stimulate its domestic consumption through massive investments in infrastructure, construction of housing, social welfare programmes and massive defence outlays. It is increasing its military might and is building its first aircraft carrier. Countries of BRIC (Brazil-Russia-India-China) have been playing an increasingly important role in world affairs.

The outcome of the current crisis will witness a realignment of various powers in the world which would inevitably weaken US imperialism further. Hence American imperialism is desperately trying to rope in India to its side to use it as a bulwark against the growing clout and might of China which it thinks will be the chief rival to US in future. India has become a willing strategic partner of American imperialism in order to fulfil its own expansionist interests not only in South Asia but also in Asia as a whole.

Iraq and Afghanistan continue to deliver deadly blows against US occupation forces thereby aggravating the economic, political and social crises in America. The Taliban has gained control of almost 40 % of Afghanistan, has presence in most parts of the country and is now within reach of Capital Kabul. 2008 witnessed the highest number of casualties of US and NATO troops in Afghanistan ever since the fighting commenced in late 2001. Hence American imperialism is planning to increase its troops in Afghanistan by another 30,000 by mid-2009. The anti-US sentiment is so great due to indiscriminate bombing of civilians with a large number of women and children becoming victims, and Taliban has become such a strong force that even the US puppet Karzai is compelled to propose talks with Taliban. Obama's assurance that US occupation forces would be withdrawn from Iraq is a sheer ploy to pacify the growing anti-war sentiment of the people in the US and elsewhere in the world. Moreover, American imperialism stands isolated in Iraq as one country after another had pulled out its troops. Despite US pressure, Britain was compelled to announce its plans to pull out its last soldier from Iraq by May 2009.

Although American imperialism tried through back-door methods to keep its forces for another three years in Iraq under the fig-leaf of a decision by the Iraqi cabinet. It was flatly rejected by the people of Iraq. Israeli Zionist terrorists had stepped up attacks on the Palestinian territories virtually razing down Palestinian residential areas in Gaza Strip. Hamas has put up brave resistance against the Israeli state attacks.

In South Asia the situation has become explosive. In Nepal, monarchy was overthrown in the elections to the Constituent Assembly and CPN (Maoist) had come to power in coalition with other parties of the exploiting classes. The position of Maoists is quite delicate and unstable as it is dependent on the mercy of the other comprador-feudal parties to continue in power. The abandonment of base areas, demobilization of PLA and participation in elections is a blow to the revolutionary movement in South Asia. However, inner-party struggle within CPN (M) is likely to break out in future as it hogs down deeper into the morass of bourgeois democracy and revisionism.

In Sri Lanka the fighting between the LTTE and the government's Sinhala chauvinist armed forces has increased in intensity in the past one year after Rajapakse broke the cease-fire in 2007. With the aid of several imperialist powers and the Indian expansionists, Rajapakse government had acquired helicopter gunships, bombers, naval fleet, and a huge arsenal of deadly munitions, and has unleashed a war of attrition. Sinhala troops have bombed civilian areas creating a humanitarian crisis with thousands becoming refugees. This has generated considerable reaction in Tamil Nadu. Indian government is assisting the Sri Lankan government by all means though outwardly it is posing as a neutral player to avoid adverse reactions from the people of Tamil Nadu. The LTTE seems to have much weakened and has been pushed into a defensive position but is putting up stiff resistance against the combined forces of Sri Lankan Army, Navy and Air Force. Considering the fact that the Sri Lankan Army is seen as a foreign chauvinist occupation force by the Tamils, it becomes clear that people of the Tamil nation in Sri Lanka will continue their war against the forces of occupation. It is impossible to suppress the demand for Tamil Eelam and the national struggle for independence is bound to emerge stronger even if it suffers a temporary setback.

In Pakistan the situation has become extremely explosive. Prime Ministerial candidate Benazir Bhutto was assassinated. Musharraf was forced to abandon power, and President Zardari has become an object of despise in the eyes of the Muslim masses as he turned out to be a greater stooge of US imperialism than even Musharraf. The incessant bombing on FATA and Baluchis by US helicopter gunships and missiles killing hundreds of civilians is creating massive opposition

internally and more and more people are taking up arms against the US client regime. Bush had signed a secret order in July authorizing the use of US ground troops in Pakistan. Obama was even more aggressive than Bush in his attitude towards Pakistan and he declared his policy of extending the fight against Al-Qaeda onto Pakistani soil. Due to pressure from American imperialism, the stooge government of Zardari has amassed his troops along the Afghan border and is indulging in a blood-bath. Taliban has intensified its attacks on NATO's transport trucks proceeding from Pakistan thereby disrupting the supplies of arms and other materials to the NATO troops in Afghanistan. Engulfed in severe economic crisis and high inflation, Pakistan begged the IMF and obtained a huge loan in October in return for total servility to US and other imperialist powers. The economic-political-social crisis in Pakistan is giving rise to massive people's movements, fundamentalist attacks and separatist movements.

The global economic crisis has led to terrible deterioration of the standards of living of the vast masses throughout the world. Job losses due to closures and lay-offs are unprecedented: unemployment figures have reached record levels in most of the imperialist countries with over 3 million in Britain and 8 million in Germany. Temporary and partial employment in low-paid jobs has increased greatly reaching 26.4% of total work force in Germany. The ILO has estimated that 20 million jobs will be destroyed worldwide during 2008. 10.6% of the 30-member OECD's population lives in poverty.

A recent report of OECD pointed out: "the average growth of recent decades has benefited the rich more than the poor." It also ranked the US the third worst in inequality and poverty among the Group's 30 member states. Only Mexico and Turkey fared better. Due to home foreclosures, more than 17 lakh families will be losing their homes in 2008 and the figure is expected to reach 50 lakh by 2012. In the US, top 10% of the population possesses 71% the national wealth; top one per cent own between 25-33%

No wonder, in the Nov 4 Presidential elections in the US, there was massive rejection of the regressive policies of Bush at home and aggressive wars and militarism abroad. Obama is projected by the ruling elite of the US to create an acceptable image to the American people and the rest of the world who have nothing but despise for the criminal acts of Bush. In the despotic two-Party system in the US people have no choice but to elect what they felt as the lesser evil Barack Obama. Obama has assured the parasitic 'financial aristocracy that he would continue the policies of militarism and war abroad with some cosmetic changes. He openly declared that he would step up the war of occupation in Afghanistan and extend it to Pakistan until the destruction of Al Qaeda and its

leader Osama Bin Laden. His stands with regard to Iran, Sudan, Russia, Afghanistan and the so-called war on terror point to the increasing prospects of wars just as under Bush. The danger of a resurgence of right-wing forces basing on people's discontent is looming large on the political horizon due to the weakness of the revolutionary forces.

Thus, overall, globalisation has created a volatile situation for the economies of all countries of the world. The crisis is bound to extend in space and time giving rise to massive movements of the working class and various sections of people against the reactionary ruling classes and imperialism. The job losses, wage cuts and mass lay-offs have created an objective situation for the rise of militant working class movements. The recent eruptions of mass violence all over Greece lasting for almost a fortnight point to the pent-up anger, frustration and hatred towards the exploitative system that is weighing down the majority of the people in the capitalist world. Such violent social eruptions as a manifestation of the intensification of the contradiction between capital and labour, are likely to increase in the capitalist countries as the crisis deepens.

Imperialist powers and their puppets and compradors in various countries will resort to the most savage methods of suppression of people's struggles; trample underfoot the basic human and democratic rights; set up Latin American-type death squads to murder leader; and activists of democratic movements and trade unions; snatch away the right to life of the vast majority of the people; and enforce the most brutal forms of fascist rule. They will increase their war preparations and undertake wars of aggression besides imposing fascist rule at home which is the only solution imperialists can think of to come out of severe crisis.

Economic crisis leads to militarism, war and revolutionary upsurge. And war leads to greater social-political crisis and to a new wave of revolutions. This is a historically proved truth. Hence it is the task of revolutionaries worldwide to consolidate and strengthen the subjective forces of revolution and prepare themselves to seize the tremendous opportunities arising from the current global economic crisis and the resultant political and social crises. By utilizing the excellent situation worldwide the Maoist parties can grow significantly and become a formidable force to challenge imperialism and international capital. If appropriate tactics are adopted, and the vast toiling masses, groaning under the heavy burden of the all-pervading global crisis, are mobilized into militant revolutionary struggles against the capitalist-imperialist system, we can surely make significant advances in the world socialist revolution.

Domestic Situation

In India, the world economic crisis has affected all spheres due to the rapid rate of its Integration into world economy and its implementation of imperialist- dictated globalisation policies. The growth rates had dropped to 7.6% in the third quarter against 9.3% in the same period last year. The BSE Sensex had touched a record 21,000 points in January 2008 which the Congress-led UPA government had boasted as indicating the soundness of the Indian economy. But soon the Sensex began to plunge reaching 15,000 points in March, 10,000 points in September and a record low of less than 8,000 by November. The government tried to counter the falling demand and downturn in production by decreasing the interest rate; decreasing the cash reserve ratio held by banks, and tried to promote borrowings and consumption all to no avail. Consumption continued to fall drastically. Due to the dearth in cash flow and bankruptcies of the major financial institutions in the US and Europe, FIIS withdrew their funds from the markets at a rapid pace to the tune of \$9.6 billion in the first nine months of 2008. This outflow is a reversal of the record inflow of \$17.2 billion into the economy last year. It is estimated that the total outflow by the end of the year could reach \$13.5 billion. The cumulative market capitalisation of Indian shares, which was \$1.8 trillion in January has slumped to less than \$700 billion by November with the devaluation of the rupee adding to the woes. This resulted in rapid decline in dollar reserves and depreciated the rupee to a record level of Rs. 50 a dollar in November compared to Rs. 39 a dollar in January 2008.

Inflation Riled at two digits for most part of the year. Prices of food grains and vegetables had reached unaffordable levels. And with the global slow-down, even demand for consumer durables has reduced drastically. In a desperate move, Finance Minister called on the companies, hotels and traders to reduce the prices so as to increase consumption but it was flatly rejected by the big business sharks. In spite of the seemingly-confident statements of the Prime Minister and Finance Minister that the world recession will not have any impact on the Indian economy, the terrible consequences are felt by every citizen. Thousands of industries have closed down; the BPO (Business Process Outsourcing) and KPO (Knowledge Process Outsourcing) sectors, airways and construction projects, etc., have retrenched workers in hundreds of thousands: the software industry is in a big due to dependence on US (61% of BPO-KPO exports) and Europe for its exports. Obama had assured the people of US that he would stop outsourcing of jobs and bring back jobs outsourced to other

countries. This will throw lakhs of people out of jobs. The so-called export-oriented industry which contributes a substantial share of the country's GDP is getting completely destroyed due to fall in demand. The crisis will worsen in the days to come as prospects of an early recovery of the world economy are ruled out by world economists.

The crisis is further accentuating all the contradictions in Indian society. It is leading to a redistribution of wealth from the poor to the filthy rich. In the past few years there is staggering increase in the assets held by a handful of families: just one lakh families hold assets worth \$350 billion (Rs. 17.5 lakh crores) or a little less than half the country's GDP. India boasts of 53 billionaires whose combined wealth amounts to 31% of India's GDP. At the same time 83.6 crores of Indian people or 77% of the population live on less than Rs.20 a day. According to the Global Hunger Index of 2007, India ranks 94 out of 118 countries tailing behind even countries like Pakistan and Ethiopia. In spite of such glaring inequalities, the reactionary rulers are continuing their regressive policies of tax breaks and write-offs to the corporate-financial houses while taxing the poor and resorting to cuts in social welfare spending. The current world crisis and crisis in Indian economy will lead to further pauperization of the poor and even a sizeable section of the middle classes on the one hand and a further jump in the number of billionaires and millionaires on the other. India is undoubtedly heading towards a grave social explosion.

During this period the Indian ruling classes have gone further into the grip of the US imperialists. By signing the civilian-nuclear deal the Manmohan Singh government has sold out the Country's interest, completely to the American imperialists. In the name of SEZs it has continued to displace people, particularly peasantry, from fertile lands and hand over the same to the real estate mafia. Corporate retail trade is driving lakhs of small retailers into bankruptcy.

The political crisis has further aggravated during the past year. The governments in Karnataka, Jharkhand and Mizoram collapsed due to internal dog tights. The UPA government itself was on the verge of collapse after the withdrawal of support by the so-called Left over the civilian-nuclear deal with the US. The Manmohan Singh government managed to survive through horse trading, support by Samajwadis and spending huge sums for bribing MPs in what has become infamously known as for Votes scandal. In the elections to some state Assemblies in February-March. BJP won a majority of seats in Gujarat, Himachal Pradesh, Uttarakhand and later in Karnataka.

The so-called Left stands nakedly exposed after it sold out the interests of the people of West Bengal to the Tatas, Jindals, Salems, and imperialist capital.

Tatas had to pull out of Singur after sustained agitation by the people and parties like Trinamool Congress. The role of the revisionists in endorsing several of the anti-people policies of Manmohan Singh's government and standing so idly behind the government even when it was going against every promise it made in the Common Minimum Programme, earned the wrath of the people. Hence, not to get isolated and rejected in the parliamentary elections next year, it decided to withdraw its support to the UPA government after four years of hob-nobbing with it.

The crisis is reflected mainly in the form of outbursts of people's anger like those of the Gujjars in Rajasthan, mass upheaval in Kashmir. strikes by banks and public sector employees, doctors and teachers in several states, massive people's protests against rising prices of essential commodities and petrol-diesel price hikes, protests by small retail traders against the monopolisation of retail trade by a handful of the comprador big business houses and MNCs. the militant struggle of adivasis and peasantry against their dis-placement by mining projects, so-called mega development projects, SEZs, etc.

Under the pretext of fighting terrorism following the bomb blasts in Jaipur, Bangalore, Ahmedabad and Delhi. Muslim youth are arrested and tortured in thousands and many are incarcerated in jails. Some are murdered in the name of encounters as in Jamianagar in Delhi. The persecution and hounding of Muslim community is taking place irrespective of whoever is in power. While the BJP is using its various saffron outfits with the aid of the state machinery wherever it is in power, the Congress too has unleashed an equally ferocious offensive in Maharashtra, Delhi, AP where it is in power by using the intelligence Bureau (IB) and state machinery. Myths regarding organisations like Indian Mujahideen are floated by the IB to divert the people and step up fas-cist rule. The involvement of saffron terrorists has at last come out in the open after the blasts in Muslim-majority Malegaon in end September and Samjhautha Express.

The state's complicity in the bomb blasts and the attacks on tile religious minorities is nakedly exposed before the people at large. The government has done nothing even after the involvement of the Bajrang Dal was proved in Kanpur blasts in May and the brutal carnage on Christians in Orissa, and state-sponsored attacks on Christian community in Karnataka and MP. Now it has become clear that most of the bomb blasts, particularly the blasts in Masjids and Muslim residential areas, that had taken place in the country, are the handi-work of the saffron terrorists with an eye on the elections. The RSS-VHP-Bajrang Dal-Shiv Sena and other saffron terrorist gangs are allowed to roam scot-free and unleash attacks on the religious minorities. We should demand a re-investigation

of all incidents of bomb blasts that had taken place in the country and to ban the saffron terrorist organizations. While concentrating our attack on the saffron terrorists, we should also ideologically expose the danger of Muslim fundamentalism which diverts the Muslim masses from finding the real solution to their problems. Indiscriminate acts of killing of civilians and terrorist acts such as the Nov 26 attacks in Mumbai and in Assam on October, 31 in which civilians were killed in big number should also be condemned irrespective of who had committed these. We should strive to build the class unity of the people of Muslim minority and the Hindu majority and wage united struggle against the common enemies. We should explain to the people that such bomb blasts are not a solution to the problems faced by the religious minorities and expose the conspiracies of the ruling classes to utilize such incidents to enact fascist legislation and brutal reign of terror on all revolutionary, democratic, national liberation movements. The reactionary classes are also propping up organizations like MNS in Maharashtra to fan Marathi national chauvinism and launch attacks on North Indians. The Congress Government in the state has been acting as a passive onlooker in order to pander to Marathi chauvinists.

Overall, social and political crisis is deepening and the ruling classes are conspiring to bring in more draconian measures and unleash brutal suppression of people's struggles. File religious divide and communal passions are deliberately roused in a conspiratorial manner by the reactionary ruling classes so as to create a sense of insecurity and helplessness among the people : it large and thus use this to pin legitimacy to their fascist black laws and to brutally drown the people's struggles, particularly the revolutionary movement in rivers of blood. Anti-Pak war hysteria is also consciously incited in a systematic way by the reactionary rulers to divert people's attention from the internal crisis and actual problems confronted by the people, Utilising the bomb blasts, particularly the November 26 attacks in Mumbai, a series of measures were announced by the government to strength'hen the state machinery, such as setting up four NSG centres, a national investigation agency, anti-terror act, beefing up coastal security, unified commands, strengthening the intelligence machinery, increasing the strength of the police, para-military and the Indian armed forces etc. Plans are also afoot to enact legislation to bring some aspects of law & order in the states into the central list, Indo-Pak war and the so-called war against terror are also promoted by the imperialists and the Indian comprador big business houses in order to find a way out of the current economic crisis. Such measures will only accentuate the crisis further. The strain on financial resources due to the severity of the current global economic crisis will have an adverse impact on the plans of

the Imperialists and the reactionary ruling classes of India to further sharpen the fascist fangs of the state and intensify their offensive against the revolutionary, democratic and national liberation movements in the Country. Moreover, wasteful expenditures on defence, state machinery and war preparations places limits on the ability of the ruling classes to allot funds for social welfare which will lead to grave social and political crises.

During the past year the offensive against our Party and ongoing people's war has been stepped up to an unprecedented level. The mechanisms and methods of the enemy are being constantly refined ever since the merger and particularly since the successful completion of the Party Congress. The Prime Minister has stressed upon the need to improve the intelligence mechanism in various states, intelligence sharing and coordination between states, modernisation of the police forces, increase in fire-power, imparting special training in counter-insurgency warfare, setting up nodal centres, and joint co-ordinated offensives against the Maoist revolutionaries, besides initiating reforms as part of the policy of LIC. Ten Cobra Battalions with personnel selected from the CRPF are being raised in the next two years. Two companies are already sent to DK. The government also announced plans to set up twenty jungle warfare schools over the next three years to train the police forces of various states and the central forces in jungle warfare to counter Maoist guerrillas. Coordinated joint offensives are undertaken by the police in AP-Chhattisgarh-Orissa-Jharkhand-Bihar-West Bengal in all border regions. Setting up intelligence network in various states has been more or less completed by the beginning of this year. The focus of enemy attack and his main concentration has been to destroy our movement in DK and BJ as well as to eliminate the central and state leaderships of our Party. As we did not change our former methods despite the above changes on the part of the enemy, we suffered serious losses in the past year. Two PB members were arrested along with several members of other Party committees. Around 240 comrades, including several members of the Party committees, commanders, fighters and members of organs of revolutionary people's power and revolutionary mass organisations became martyrs.

The past one year had witnessed heroic counter-offensive operations by PLGA such as the historic Nayagarh multiple raid in Orissa that shook the reactionary rulers, Balimela (Chitrakonda) ambush in AOB wiping out 38 AP Grey Hounds personnel which shattered the myth of Invincibility built around this elite mercenary commando force, MV-126 ambush eliminating 17 Orissa policemen and SOG personnel, Gollapally

(Battigudem), Dantewada Jailbreak, Tadikel, Kursanar, Chhindpal, Vakulavayi, Battum (Orchha), Cheribeda, Mardoom ambushes, attack on the district collector and SP of Kanker, Narayanpur ambush wiping out 7 CRPF men, Kongupalli ambush in Bijapur wiping out 12 CRPF personnel, Mahamaya mine area ambush in Dalli Rajahara, Korepalli ambush in Gadchiroli district in Maharashtra, Jhajha raid in which 44 arms were seized, Ranigunj Bazaar ambush in Gaya, Parasnath ambush, Ranchi Pundidhin ambush, Galobad ambush in Hazaribagh. Tamar ambush wiping out Bundu DySP and two other policemen, Burudih Dam ambush in East Singhbhum Wiping out 11 policemen, Purulia and Midnapur ambushes, Samri Pat ambush in North Chhattisgarh and attack on the IG of Ambikapur range and so on. All these counter-offensives have demonstrated the potential of the PLGA to trans-form into PLA and guerrilla war into mobile war. Some of these operations were carried out by Battalion-size formations which fought the enemy forces for hours and succeeded in seizing arms and wiping out the enemy forces in big numbers. Besides the attacks on the policemen and central forces PLGA had also carried out attacks on several reactionary political leaders and counter-revolutionaries such Laxmananda Saraswati of the VHP, former minister of Jharkhand Ramesh Munda of JD(U), BJP's Baliram Kashyap in Dandakaranya, and recently West Bengal's social-fascist Chief Minister Buddhadeb Bhattacharjee in Midnapur. We also carried out a systematic campaign to root out the enemy's informer network in several areas thereby cutting off his eyes and ears.

All these heroic actions against the class enemies of the oppressed people had enthused the entire people's camp and sent shivers down the spines of the rulers. Seeing the ever-growing strength of their own army, people of our country have become more confident of victory in the Indian revolution. The most significant victory of tile PLGA is over the Salwa Judum - state joint offensive in Dandakaranya. It had not only defeated the savage offensive but also played a key role in setting up and defending the revolutionary organs of people's power in various parts of Dandakaranya.

The present excellent revolutionary situation arising from the ever-growing economic-social-political crisis at the global and domestic level throws up immense possibilities for building broad-based fronts against imperialism, particularly American imperialism and in South Asia, against Indian expansionism. It throws up great possibilities for waging united militant struggles of the working class worldwide and in India against retrenchments, wage cuts, wage freeze, casualisation and infermalisation of labour, cuts in social benefits. and against class exploitation in various forms. It throws up favourable conditions

for uniting the vast masses of toiling people the working class peasantry, adivasis, women, dalit masses, middle classes, sections of national bourgeoisie against price rise, plunder by MNCs and comprador big business houses, against increasing famine and food shortages, against tax cuts for the rich and tax hikes for the poor, against massive displacement of people by SEZs, mining projects and so-called mega development projects, and so on. It throws up (Treat opportunities to unite the religious minorities and the secular-democratic forces among the Hindu majority to fight state terror and state-sponsored terror, and Hindu fascist terror of the BJP-RSS-VHP-Bajrang Dal-Shiv Sena-Hindu Munnani-Rashtriya Jagaran Manch-Abhinav Bharat etc. It matures the conditions for the naked exposure of the social-fascists such as the revi-sionist CPI, CPI(M) which, despite their anti-capitalist rhetoric, increasingly become apologists of capitalism and collude with the monopoly capitalist class in their offensive against the working class in the period of crisis.

Overall, the present world crisis provides immense possibilities for advancing the world socialist revolution to its ultimate victory. Its terrible consequences in India will accelerate the pace of the ongoing revolutionary war and provide excellent opportunities for making big gains politically-militarily-organisationally thereby hastening the onward march of people's war to its ultimate goal. Our Party has to rise to the occasion, seize the opportunity, and steadfastly advance with unflinching determination and spirit of self-sacrifice to carry forward the responsibility placed on us by history. Towards this end, we must work out the correct tactics, deploy our subjective forces in accordance with the needs of the present situation and execute the tactics with Bolshevik spirit.

Utilise the excellent objective situation created by the world economic crisis and the all-round domestic crisis to initiate a wave of militant mass struggles countrywide! Leave no stone unturned to intervene and participate in every type of people's struggle on just demands!

Political Bureau

CPI(Maoist)

December 20, 2008

“The highest development of this basis itself (the flower into which it transforms itself; but is always this basis, this plant as flower; hence wilting after the flowering and as a consequence of flowering) is the point at which it is itself worked out, developed into the form in which it is compatible with the highest development of forces of production, hence also the richest development of individuals. As soon as this point is reached, the furthest development appears as decay, and the new development begins from a new basis.” [Marx, Grundrisse, p. 541]