

Peoples' Truth

Voice of the Indian Revolution

LIFT BAN ON PEOPLES' MARCH

The Hon'ble Addl. District Magistrate, Ernakulam, Kerala.

Sir

Ref:— Show cause notice dated 31st May 2008. (T 14/02-06-08)

1. Notice is issued to me to show cause as to why action should not be taken against me U/s 8(B) of Press and Registration of books Act, 1867 for cancellation of the declaration filed by me in connection with publication of 'People's March'. I received the above referred letter on 07-06-2008.

2. No specific reason is shown in the show-cause notice under the Press and Registration of Books Act 1867 and it is outside the purview of the scheme laid down under the Act.

3. I respectfully submit that I was not given a copy of letter referred to in your show cause notice said to be issued by the Asst Commissioner of Police, Trikkakara. So I am retaining my right of objection regarding the contents of the letter No:324/T/2008/TS dated 06-02-2008.

4. It is true that a crime is registered against me by the Trikkakkara Police U/ ss124(A), 153 (B) of IPC and 13(1) of Unlawful Activities Prevention Act, 1967 as crime No:780/07. I was taken into custody around noon on 19-12-2007 and formal arrest was made at 00-15 AM on 20-12-2007 and kept in jail till 24-02-2008. It is understood that the investigation in this case is not over.

5. Regarding the allegations of seditious and anti-national character of the literatures and materials in 'People's March', I have strong objection. It is respectfully submit that the above show cause notice being very vague and it does not mention as to which are the articles, literatures and materials against which seditious and anti-national characters and without specifically knowing the reasons for issuing the show cause notice, I can not answer it properly. Without rendering the opportunity, it is only a futile exercise to sabotage my fundamental right of expression.

6. Moreover, by the order dated 14-02-2008, the publication, sale, distribution and circulation of 'People's March' is already prohibited in Ernakulam district. By that, it is clear that you have already taken the view in this issue. That being so, I believe that this show cause notice is a predetermined one to cover up the illegality.

7. I have published the 'People's March' complying with all Rules and Regulations prescribed in the Press and Registration of Books Act, 1867. It is respectfully submitted that till this date not even an allegation of violation of the provisions of the Press and Registration of Books Act, 1867 is raised against me, from any corner.

8. The observations made by the Hon'ble High Court of Kerala in the order dated 01-02-08 in BA 265/08 can not be basis for the cancellation of declaration or for the prohibition of 'People's March' under the Act. It is the settled legal position that the observations made by the courts in bail orders can only be understood as supporting an order in the bail application with only the consequence that flow from it. These observations can not be considered authoritative pronouncement on the relevant aspects at the trial of the case or as concluding any question. The latest decision on the point 2007(7) SCC 344 also reiterates the same legal position. That being so, the observations made by the Hon'ble High Court in the order in BA 265/08 can not be based for an action under the Press and Registration of Books Act, 1867.

9. The statement in your notice that the prohibition order date 14-02-08 bearing No:M6/7364/08 is communicated to me is not correct. No personal notice; nor opportunity of being heard is given to me. Challenging the above said order, I have obtained a copy from the ACP, Thrikkakara, I filed a WP (C) 16812/08 before the Hon'ble High Court of Kerala and it is pending.

Hence I humbly request you to accept this reply and to stop the proceedings taken against me under the Press and Registration of Books Act, 1867.

P.Govindan kutty

On Feb.14 ,2008 the Ernakulam District Magistrate issued an order banning the publication of the magazine Peole's March in the district. The order was issued on the eve of Com. Kutty coming out of the jail on bail where he had been incarcerated on false charges. The real purpose for the arrest is now clear: to stifle freedom of expression in the country. The People's March is an independent magazine that fearlessly seeks to present the facts without facing any pressure from advertisers or the government to sing to any tune. It therefore fearlessly presented the reality in the country and worldwide, firmly standing by the oppressed masses against the moneybags. It also honestly portrayed the revolutionary and democratic movements in the country, not resorting to government-style propaganda or distortions of the gutter media. This it seems, the government feared. So they first arrested the editor and when still they could not stifle his voice they proceeded to ban the magazine.

On Feb. 14th the District Magistrate of Ernakulam posted an order to this effect at the PM office. The order stated "...the publication, sale, distribution and circulation of the magazine named "People's March" is hereby prohibited in the district of Ernakulam, since the said magazine is found to be containing materials that are seditious and subversive in nature, bringing about contempt and disaffection against the government of India.The Additional District Magistrate, Ernakulam, shall take immediate steps to take up the matter with the Registrar of newspapers, New Delhi, so as to get the registration of the magazine cancelled." In fact even before the ban the police has been harassing and threatening all those in anyway linked to the magazine.

The printing press refused to print the magazine due to intensive police pressure. And even the landlord of the house in which Kutty lived asked him to vacate after coming out of jail, due to police treats and pressure. This is the extent to which the police and government have gone to try and stifle the voice of the oppressed masses of the country. The freedom of expression in this country is a big hoax. It is mostly money-power that dictates what should be written or shown, kow-towing to government interests; and if anyone dares go beyond the bounds set, they are immediately stifled. All democrats and progressive forces must demand the immediate lifting of the ban and an end to police harassment of the editor and those associated with him.

But no government order can stifle; the voice of the oppressed masses; phoenix-like it will arise again and again in new forms, to haunt the oppressors and all their hangers-on.

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Editor P. Govindankutty, Mob : 9947276692

Owned, edited, Printed & Published by P.Govindankutty , Peroor House, N.F. Tripunithura P.O., Ernakulam - 682 301

MAY DAY STATEMENT

On this May Day of 2008 we find the world capitalist system heading for a severe economic crisis. This crisis is being particularly precipitated by the recessionary conditions in the US economy and continuing stagnation in the economies of Europe and Japan. With the economies of the underdeveloped countries tied ever so strongly to those of the imperialists the crisis in the imperialist economies are having worldwide repercussions. This crisis is even more severe than that of 2001 and in the US the continuous cut in interest rates (by a massive \$0.75 in the latest round) is not having any revival impact. The situation is expected to go from bad to worse in the coming days.

The crisis situation is getting further magnified by: sky-rocketing crude oil prices (highest ever since WWII), huge leaps in the prices of agricultural commodities, the falling value of the dollar, and the worldwide impact of the US sub-prime crisis.

This slide in the world economy is having its serious repercussions in India which is ever more getting strangulated by its links with the imperialists, particularly the US. In the first two months of the current year growth rates in the core sector have been reduced to half of what it was in the previous year (from 8.4% to 4.5%). Similar is the situation in the other sectors. The much hyped BPO sector is being severely hit by the falling value of the dollar as has been the export sector of the economy. The agrarian crisis continues to deepen and the palliatives like the so-called loan waiver will have little impact.

In this period the elite have been making money on a scale never seen before; the result of the massive extraction of surplus value due to the worsening conditions of the working class and labouring masses. The inequalities worldwide and in India have reached levels unimaginable, and continue to grow. The extremes of poverty in India are so acute that on the one hand it is said that Mukesh Ambani is now the 4th richest man in the world and 3 other Indians are amongst the worlds 10 most richest, while on the other hand according to an NSS report, 836 million Indians, or 77% of the population live on Rs. 20 a day (or a mere Rs.7,200 per year). In the latest report of the Global Hunger Index 2007, India is ranked 94 out of 118 countries. It is not only behind Pakistan (ranked 88) but even behind Ethiopia which is 93. China, in comparison is ranked 47.

Also the disparities continue to grow. The top 10% of the population increased its share in the total wealth to 52%, while the share of the bottom 10 fell to just 0.21%. In just the past one year the number of 'High net-worth individuals' (HNIs — those with net financial assets of \$ 1 million or Rs.4 crores, excluding residence and consumables) has increased by 20.5% to reach one lakh. These one lakh families holds assets of \$350 billion or about half of India's entire GDP.

Even at the international level the disparities are growing. According to a report of the World Institute for Development Economics Research, the richest 2% of the world's adults own more than half the global household wealth. The richest 1% alone owned 40% of the global assets in 2000, and the richest 10% accounted for 85% of the world total. In contrast the bottom half of the world adult population owned 1% of global wealth.

One of the worst sections affected by this crisis are the proletariat. Already badly affected in this period of globalization, the crisis is further affecting the lives of the working class worldwide. It is resulting in further lay-offs and retrenchment, wage-freeze, contractualisation of labour, etc, and together with this the governments throughout the world have been taking systematic steps to cripple all trade union rights.

In India too we see a similar process. Though there have been many spontaneous struggles of the workers these have been brutally crushed. Besides, with the trade unions in the hands of reactionaries (mostly the ruling class parties, including the revisionists) their fighting capacity is paralysed. More importantly there has been massive contractualisation/informalisation of the work-force all of whom are in the unorganized sector (see separate article on this specially printed on the occasion of May Day) who defacto have no rights whatsoever and eke out a living in a state of extreme impoverisation. The unionization is confined to the organized sector who has been steeped in economism due to the decades-long stranglehold of the revisionists on them. The revolutionary and genuine communist forces have nominal influence amongst the proletariat.

On this May Day let us recollect the historic struggles of the working-class under communist leadership and vow to revive that great tradition. Today it is only the Maoists throughout the world and in India who carry the genuine blood-drenched red flag of the proletariat; but they can make headway in the working class movement by only making a clean break with the reformism and economism in the working-class movement and thereby build a true proletarian revolutionary movement. This would entail organizing the vast unorganized sector and also winning over the organized working class from the influence of the revisionists and other reactionaries. On this occasion let all communist revolutionaries undertake this task with a renewed energy. Only then will the proletariat realize their true liberation from the chains of the capitalist/imperialist system.

GROWING WORLD ECONOMIC CRISIS THROWS UP GREAT REVOLUTIONARY POSSIBILITIES

On this May day of 2008 we find the world economy hurtling into one of its most serious crises. Particularly the US economy is said to be already in the midst of recession. This has hit the working people the worst, who had already been pushed to the brink due to the offensive of capital, in this age of so-called globalisation. Impoverisation, unemployment, wage cuts and contractualisation of labour have been growing apace, while a handful make fortunes on a scale unheard of.

In end March, US officials proposed a broad overhaul of financial market regulations “to restore confidence in a system reeling from the subprime mortgage mayhem”. (HT: Apr 1st 08) The proposals are described as the most sweeping since the Great Depression. A continuous cut in interest rates has not been able to stem the decline and deepening of the crisis. It was the most ambitious overhaul since Franklin Roosevelt launched the current regulatory structure after the Wall Street crash and bank failures that were part of the Great Depression.

The economic crisis has been compounded by sky-rocketing world crude oil prices that have surpassed levels of the oil shock of the 1970s. Together with this has come an agrarian crisis where world food stocks have fallen to their lowest level in 30 years and prices have leapt by 40% in the last year. Today, for the first time world food production has fallen below consumption. In addition about 50 largest banks have been on the verge of bankruptcy with the fifth largest bank of the US going bankrupt.

Such a crisis situation is pushing the world into a highly unstable scenario with growing fascist terror worldwide. Particularly the US, though bogged down in Iraq and Afghanistan, is building up its war machinery and aggressively posturing throughout the world, particularly in West Asia. Inter-imperialist contradictions are intensifying with the Euro threatening the hegemony of the dollar, China aggressively competing for world markets, and Russia more and more firmly challenging US might, not only in Central Asia, but in many parts of the world. This crisis situation is likely

to intensify throughout this year, particularly due to the deepening recession in the US economy.

The impact of this crisis is to be seen in India as well — greater and greater impoverisation on the one hand, while the money-bags make money on a scale never seen before. Such extremes are resulting in an explosive situation with governments and ruling class parties promoting policies that enrich a handful and utilise fascist terror to protect their ill-gotten wealth. Such a crisis situation throws up excellent revolutionary opportunities worldwide, as also in India. It is for the proletariat and its Communist Party to utilize the unfolding situation to the maximum, evolving creative tactics with a revolutionary orientation.

Let us now take a look at the situation unfolding worldwide and also in India.

US Economic Crisis & War-mongering

The bursting of the housing bubble since the last six months has had serious repercussions for not only the US economy but also worldwide. In the US, with the bursting of the housing bubble, the major banks have been badly hit and have had to write off huge amounts. Some banks were on the verge of collapse and had to be bailed out by the US government. America’s fifth largest bank recently went bankrupt and was bought over by JP Morgan for a song. One of America’s largest banks, Citigroup, witnessed a 60% drop in profits in the third Quarter (June to September) as it had to write off a massive \$ 20 billion in bad (mortgage) loans. Even one of the largest US investment bankers, Merrill Lynch, had to write off \$ 8.4 billion in bad loans in the 3rd Quarter, triggering its first loss in six years — this was \$ 3 billion more than what it announced just a few weeks earlier.

And this is only the beginning of the sub-prime mortgage crisis which is expected to get much worse in the coming days. The US Congress Joint Economic Committee predicts that by the end of 2008 there will be two million families losing their homes as they will not be able to pay their mortgage amounts. The IMF managing director, Rodrigo Rato, said (Sept.24th) that

most of the impact of the global credit crunch (caused by the sub-prime crisis) will be felt in 2008 and that the USA will be the hardest hit. Rato saw no quick solution for the crisis triggered by defaults on US sub-prime loans to borrowers with poor credit histories. He added that “a few more months will be needed to access the full impact on banks, companies, and governments”.

This burst of the housing bubble has come over and above the already fragile US economy. Besides its continuing huge trade and budget deficits, the dollar fell to a 15 year low — at over \$1.5 to the Euro — and continues to drop further. And in the month of August last year it saw its employment level drop for the first time in four years. The world’s largest economy is in serious difficulties. With galloping trade and budget deficits, gigantic military expenditure, a falling dollar, a deepening sub-prime housing crisis, bank failures, falling employment, etc. the US economy is heading for one of its most serious crisis since WWII. Also with oil prices surpassing those of the Oil Shock of the 1970s (went up to \$ 111 per barrel in March 2008; at ppp the equivalent price of the 1970s would be about \$ 105), it can have devastating impact on the economy of countries that import oil, including the US.

There is already much talk of the US economy being pushed into recession after the burst of the housing bubble and the sub-prime mortgage crisis. With this, the US is pushing aggressively to further extract the maximum from other countries resorting to increasing threats, bullying and even war. Though it is bogged down in Iraq and Afghanistan it is issuing aggressive war threats to Iran; it is pushing for sanctions on Myanmar (Burma), and Israel has been threatening aggression against Syria, Lebanon and continues its attacks on the Gaza strip of Palestine (run by Hamas).

As a result of this crisis the US government is aggressively pushing for war, now with Iran. The build up to a war with Iran has reached a feverish pitch, though it is not getting much support from other countries (except for France)

In early September 07, at US dictates,

Israel carried out missile strikes on Syria, in the North (bordering Turkey) which is said to have nuclear facilities. In the beginning of October, the Senate passed a resolution urging the administration to place Iran's Islamic Revolutionary Guard Corps on the US blacklist as a "terrorist organization". This now gives a back-door Congressional validation for a military action. In addition, the CIA has authorized covert actions to destabilise Iran by encouraging Kurds, Baluchis, Arabs and other minorities to revolt. It has also given massive arms packages of \$ 20 billion to Saudi Arabia and \$ 30 billion to Israel to use against Iran. Around the same time there has been frantic diplomatic activity involving Iran. The US Intelligence short-listed 2,000 Iranian targets to be bombed. The US said that the military option was all that was left to get Iran to give up its WMD programme.

On October 20th the Bush administration imposed a sweeping set of unilateral sanctions against Iran, the most stringent since the 1979 revolution. The punitive measures targeted Iran's banks, defence ministry officials, agencies affiliated with the country's weapon's programme, the elite Revolutionary Guards Corps along with eight affiliated companies and many more. And, this is over and above the existing sanctions. Besides the WMD issue the US has accused Iran of destabilising Iraq, Afghanistan, Lebanon and Palestine and referred to the Islamic Republic as the "*Central Bank of Terrorism*". The Pentagon has already deployed the largest force in the region since the 2003 war, with half the US Navy warships positioned within striking distance of Iran. In March 08, the UN security Council once again unanimously (except for one abstention by Indonesia) passed a resolution for more stringent sanctions against Iran.

But West Asia is not the only place of US concern; it is taking offensive postures all over the world.

In mid-August 2007 army chiefs of 19 countries secretly met in Australia. Such types of meetings have never known to happen before. The countries included the US, Japan and India and was attended by US General George Casey. Who attended from the Indian side was also kept secret.

This was followed on Sept 4th by the biggest naval maneuvers ever, involving six of these countries led by the US. It took place in the Bay of Bengal and India was an important participant. In addition, India began secretly conducting a three week military exercise with the British military in the sensitive area of Ladakh in end September 07. This got exposed only when Pakistan lodged a formal protest. This entire exercise was shrouded in mystery, particularly as to why it is being held in a place like Ladakh, so close to the Chinese border.

The US has also been particularly active in Myanmar pushing sanctions against the Burmese military regime; it has built a separate military command for Africa; it continues its meddling in Central Asia promoting more coloured revolutions; it has taken a highly provocative approach

The US has to bear a heavy burden of three trillion dollars for its war of aggression in Iraq. Another trillion dollars are indirect losses. It is to be noted that the US is spending from its emergency accounts for its latest wars of aggression. It has to spend 12 billion dollars per month on the war in Iraq. It will be 16 billion dollars per month when the expenditure on the Afghan war is added. US had to go for borrowings to sustain its war expenses, which are causing an additional burden of one trillion dollars by way of interest and loan repayments.

LosAngeles Times; Washington Post

towards China with Bush meeting the Dalai Lama and also felicitating him with the Congressional Gold Medal, — the highest civilian award in the US, and is now utilizing the genuine discontent of the Tibetan people against the Chinese government as a pretext to counter Chinese growing worldwide assertion. This was done in spite of vehement opposition from China. (Also see another article on Tibet)

Besides increased war-mongering it is the US that is the most aggressive in pushing fascist measures at home and abroad to crush any and every form of dissent. It continues as the number one enemy of the world people.

Other Countries and the growth of New Alliances

Europe has a host of economic

problems; the slow growth rates have now been compounded by high inflation — at 3.5% against an expected 2.5%. There is no let-up in the unemployment problem, with those unemployed having crossed the 2 crore mark. The sub-prime crisis saw two banks come close to bankruptcy; and on Sept 25th 07 the newspapers reported that the Deutsche Bank (the German Central Bank) suffered losses of \$2.4 billion. The British banks have been badly hit, with Barclays selling its sub-prime consumer unit at a loss, and the Northern Rock Bank being bailed out for \$22 billion.

During this period, in the past 3 to 4 years, most of the social-democratic parties have been pushed out of power and replaced by extreme right-wing, neo-fascist type parties in power. Most of these are much closer to the US. Also the European economy continues to be weak and its inability to get the new EU Charter passed through referendums has further hit the unity of the European countries. In fact the neo-fascists that have come to power in France have been most vocal to push a war against Iran; toeing the US line (though this has been opposed by Germany and Italy). In October the notorious neo-fascist People's Party in Switzerland was voted to power with 29% of the vote — its best performance since 1919. A similar trend is to be seen in most European countries. The heads of most of these countries have also changed their tune toward the US, taking a more

conciliatory tone. The reality is that though the EU is the main competitor to the US if the latter's economy goes down it will take Europe with it. Besides, today, unlike in the 1990s, Russia and China are growing as major competitors to the US and even Europe. Europe is, for the present, not taking the stance of an anti-US tilt it did at the time of the second Iraq war.

Today, with the revival of the Russian economy it is the main force that is contending with the US in most parts of the world. The large wealth it has accumulated due to the high oil and gas prices has helped an economic recovery and giving it also huge reserves. Besides, the Oil and Gas Russian giant, Gazprom controls over 25% of Europe's energy needs, giving it a strategic bargaining

power with the West. Russia has not only been active in the East; not only has it regained much of its control over Central Asia; but has also been overtly active in West Asia, particularly Iran.

In August 2007, the SCO (comprising Russia, China, and 4 Central Asian countries) began flexing its military muscle as never before. On Aug. 17th the Presidents of the SCO countries for the first time ever watched the final stages of the largest war games of the grouping. 6,000 soldiers, over 1,000 combat vehicles and scores of aircraft practiced combat skills. All member countries took part for the first time. Their personal presence and its link up with the SCO Summit that followed gave the exercise enormous strategic importance. Though the SCO has denied it is a military alliance the military component is expanding at a breath-taking pace. Russia already has built a military alliance with seven Central Asian countries in the CSTO (Collective Security Treaty Organisation) involving all the SCO countries except China. Earlier, China sought to keep a distance but now it has swerved in favour of a partnership between the SCO and the CSTO. For the first time, China deployed a major military group abroad. Also, these military exercises began in China's Urumqi, the capital of China's Xinjiang Uyghur Autonomous Region (which is the centre of Muslim militant unrest) and then shifted to the Urals of Russia. This CSTO is growing as a defacto parallel to NATO. The SCO Summit which took place immediately after this military exercise, and attended by the presidents of all member countries clearly warned the US to stay clear of Central Asia. Russia also suggested an Energy Club; Iran (who attends as observer) offered to host it. Also the treaty signed at the SCO Summit provides for consultations "*with the aim of coming up with an adequate response*" if the security of a member-state is threatened.

In addition, Russia has, of late, been taking an aggressive posture, backing Iran. In mid-October 2007 Putin made a high profile visit to Iran — the first of a Russian President in 60 years; the last being Stalin's visit during World War II. The occasion was the Summit of the five Caspian Sea states, including Azerbaijan, Kazakhstan and Turkmenistan. The Declaration supported Iran's right to nuclear energy;

and though Azerbaijan is a US ally it has refused to allow the use of its territory for a war against Iran. Putin warned military action against Iran and backed its right to nuclear energy. He reaffirmed Russian commitment to complete the construction of the nuclear power plant in the southern city of Bushehr; and both countries demanded the withdrawal of all foreign troops from Iraq. Yet, it too supported the latest UNSC resolution against Iran.

Also in early December 2007 Russia unilaterally withdrew from the CFE (Conventional Forces of Europe) Treaty. Signed in the early 1990s the Treaty limited the deployment of Russian tanks, aircraft and other heavy weapons across the continent. The CFE Treaty amounted to Russia's unilateral disarmament. Russia also plans to quit the INF pact. Russia took a \$ 200 billion weapons modernization programme for 2007-15.

Besides Russia, together with Iran, is aggressively pushing its energy control in the region, even involving the US-ally Turkey. The Russian monopoly, Gazprom is developing the South Pars field in Iran; the Russian railway company is involved in a multinational project to build a 350 kms line for the North-South transport corridor linking the town of Astarra on the Azerbaijan border with Kazvin in Iran; both countries are seeking to form a gas OPEC. Russia has also signed a pipe-line deal with Italy also bypassing Turkey. It is expected that this may be formed by the middle of this year, with 13 countries accounting for about 40% of world gas production.

Meanwhile Turkey has signed a deal for acquiring gas from Iran and Turkmenistan for which two pipelines are being laid. Turkey will only use a part of this gas, the rest will be transported to Europe though the 3,300 km pipeline to Austria. It will pass through Bulgaria, Romania and Hungary before reaching the energy-hungry markets of Western Europe. In addition Iran, Syria and Turkey have decided to work together on transferring Iranian gas to Syria (through Turkey). All these steps have been taken by Turkey in spite of strong opposition from the US.

In Latin America too, Hugo Chavez and Castro have been actively trying to build a network of Latin American countries to break free from the US control over the region. In this they have been tying up

with Russia, China and Iran. Venezuela is also being drawn into the proposed alternate to OPEC, involving Russia and Iran.

In addition China is growing as a powerful economic powerhouse, spreading its markets throughout the world. The massive spread of the Chinese market has begun to affect the markets of the US and other imperialists. China is making big headway into Africa. Of late, it has set up a huge fund for foreign investment.

In spite of the growing isolation of the US, it continues its aggressive posturing. If Iran is attacked, it is most likely that these embryonic blocs will further crystallize. Also it will throw the world economy into absolute chaos, with oil prices sky-rocketing even further and more and more banks collapsing. As a result, fascist terror of unprecedented proportions will be unleashed in most countries of the world. India too will be badly hit by this situation due to its deep dependence and tie-up with imperialism, particularly the US.

While 9/11 acted to raise the pitch of state terror, in the name of war on terror, an attack on Iran will result in much turmoil and destabilisation worldwide, precipitating extreme forms of state terror.

So, to sum up, the US economy this year is going into severe recession. As it is the largest economy of the world, it can act to push the entire world economies into a state of chaos. The situation is further aggravated by the fact that the European economy has been in a state of stagnation and Japan's nearly 15 years of recessionary conditions add to the woes of the imperialist system. It is only Russia and China that have seen some growth — Russia, particularly due to the sky-rocketing international oil and gas prices — and so have become more assertive on the world arena. With such serious crises throughout the world, the war scenario is hotting up, with the US pushing for wars to somehow maintain its worldwide hegemony and Russia, particularly, getting more assertive.

Impact on India

This intensifying international crisis and the growing offensive of the imperialists, particularly the US, have created much turmoil in entire South Asia since the past six months.

The US has aggressively sought to

make India into its strategic partner, in which the nuclear deal was an important factor. Though the process is set to go through, it faced serious problems in the process. In Pakistan the entire country is in turmoil with the US seeking to reign in Musharraf (who is also needed in order to balance with the growing might of the Islamic militants) and putting on a democratic façade through the planting of Benazir Bhutto's PPP. The assassination of Benazir Bhutto disturbed the US sponsored appletart but a similar formula has finally been pushed through. But the power balance is extremely fragile and the Islamic militants are getting increasingly assertive. The turmoil is likely to intensify in the coming days. In Bangladesh the ruling classes are unable to settle their contradictions and now military rule is continuing for the third year. Even in Sri Lanka the ceasefire is in shambles and now the war with the LTTE has intensified. In Nepal the US and Indian expansionists schemes to pacify the Maoists and bring them fully into the 'mainstream' is facing some problems. The US/Indian stooge, King Gyanendra, has been sidelined, but the elections scheduled for April will not bring peace, as the same exploitative system will continue. Any radical steps, if attempted by the new dispensation will not be tolerated by the US and Indian expansionists. So, entire South Asia is in serious turmoil. The ruling classes and the imperialists, particularly the US are having nightmares with the growing armed struggles in the region led by the Maoists as also many powerful nationality movements.

In a survey conducted by the New York Stock Exchange, India has been named the fifth most crucial region in terms of strategic importance for business. It has ranked India ahead of Japan, Brazil, Russia and Australia. This was the result of a survey of 240 top CEOs of the US.

India and the big comprador houses are bound, as never before, with the imperialists, particularly the US. The stock exchange is defacto in the hands of the imperialists; most of the IT companies and private big banks are more foreign than Indian (foreign equity is dominating); the comprador big business houses are more and more deeply intertwined with imperialism with growing amount of foreign

equity, (Reliance has gone to the extent of involving in Iraq by signing a deal for oil excavation in two oil blocks in the Kurdish part of Iraq); massive foreign borrowings and now even foreign markets envelope Indian big business; and NRIs are playing a greater and greater role in the economy. Now, even the foreign debt has begun to sky-rocket as never before. India's External Debt grew by a massive 23% during 2006-07 and stood at \$ 155 billion (i.e. over Rs 6 lakh crores) and constituted 16.4% of the GDP. In just that one year it increased by \$28.5 billion (i.e over Rs. 1 lakh crore), of which half was private commercial borrowings. {Hindustan Times Sept 18 2007} The recent massive dose of FII funds (\$ 5 billion in just the month of October 07) taking the BSE to dizzying heights of 20,000, is like what happened on the eve of the East Asian crisis in 1997. Within just a couple of months the BSE index crashed by over 6,000 points from a 21,000 high to under 15,000. The high volatility on the stock markets is likely to continue.

With such high levels of tie-up with foreign capital it is inevitable that even small shocks in the international economy will badly impact India. What is worse, with high dependence on imported oil, the rise in international prices, and the open market policy, energy prices will severely impact not only the poor but also the middle classes. Not only that, food prices have been shooting up, with the international prices of both wheat and rice having nearly doubled in just the last one year to March 31st. All other agricultural commodities have been similarly hit badly affecting the poor and middle classes.

Besides, India is getting deeper and deeper into the US clutches — economically, politically (foreign policies) and even militarily. In this period of globalization an already dependent country has seen such gigantic involvement of the US in the economy that every aspect is completely tied to the imperialists, particularly the US. And with each passing day the knot gets tighter and tighter, strangulating the country and its people as never before.

In the sphere of the military, India has been drawn into the vortex of US militarism. The nuclear deal is not just about nuclear energy; it is a deal to sell massive military and nuclear hardware to India, to tie up

India's foreign policy to US dictates (as on the question of Iran) and militarily drawing India deeper into the US military Axis. US officials have explicitly indicated that once the Indian government accepts the nuclear deal, India's foreign policy will have to be "congruent" with that of the US. Never before have US ships been allowed to dock at Indian ports as has happened recently. In August 07 the US nuclear ship Nimitz docked at Chennai after moving around the Persian Gulf with a flotilla of ships to threaten Iran. For the five days that the ship was docked at Chennai 5,000 US marines were allowed to freely roam the country without any visa or any other legal norms demanded by a sovereign country. The high-level naval exercises with US, Japan, Australia and others came soon after the joint exercises India held with the US and Japan in the western Pacific earlier last year. The Bay of Bengal drill is the 13th joint naval exercise involving India and the US since 1994. More than half the military exercises that the Indian Army has conducted since the invasion of Iraq and Afghanistan were with the US. India, along with Japan and Taiwan was amongst the handful of countries to support the US missile defence initiative. In Nov. 2007, reports came in of the three week secret military exercises with the British military in sensitive border area of Ladakh.

In addition, two defence accords are waiting to be signed with the US. This is a 'logistic support agreement' and a 'communication accord'. The logistics accord would provide the US with upfront access to Indian military bases to refuel both ships and aircrafts. Though India has an observer status at the SCO, together with Iran and Pakistan, at the latest Summit, all other countries were represented by their Heads of State, while India sent the low-key minister, Murli Deora, who is known as a notorious US puppet.

In addition the Indo-US nuclear deal will not only tie the country more tightly to the strategic military interests of the US it will tie it also diplomatically to serve US's geo-political interests. Already, under US pressure, India has virtually backed out of the Iran-Pak-India gas pipeline deal; and as an alternative is now signing a similar deal for gas from Turkmenistan, Afghanistan... pushed by the US and funded by the ADB.

All this indicates in which direction the Indian ruling class stooges are taking the country — politically, economically and militarily. India is more and more going into the strategic control of the US, which seeks to make India one of its major allies in its policies throughout the world and particularly in Asia. This dependency will have serious implications for the country. Though the Indian ruling classes continue to develop relations with the other imperialist powers India is being drawn into the grip of the US.

In addition to this, the imperialist-dictated policies, have further devastated an already backward agrarian economy where the bulk of the Indian people live. The entire agrarian economy is facing the worst crisis since 1947. Semi-feudal conditions of backwardness has been compounded with dropping yields, rising debt, reduced investments worsening health conditions and a total neglect of the agrarian economy by the government. Since the 1990s the rate of growth of foodgrain production decelerated to 1.2% when the population grew by 1.9%, resulting in a decline in the per head availability of cereals and pulses. The crisis has been compounded by the virtual dismantling of the Public Distribution System, collapse of public health care, and sky-rocketing costs of inputs. A horrifying situation has developed in the countryside devastating over 70% of our population, the bulk of whom are landless and poor and marginal farmers. The over 1.5 lakh farmer suicides in a decade is only the tip of the iceberg, most go unrecorded and those who are still surviving are as bad as those who died. The Rs.60,000 loan waiver is nothing but an electoral stunt and does not in any way touch the root causes of the problem (see budget article in this issue). Anyhow the bulk of the indebtedness of the poor is with the moneylender and not the banks.

With an exceedingly fragile world economy any international crisis will destabilise the Indian economy further. In addition, the imperialists will increase their loot of countries like India to cushion the effects of the crisis on their economies. The Indian rulers will seek to push this on the masses by massively increasing the burden on the poor and middle classes. Fascist terror of even higher magnitude than what

exists is on the agenda to check the inevitable discontent that will result.

Great Revolutionary Potential

The enormous disparities between the rich and the poor (see appendix) that have increased phenomenally will continue to widen leading to massive unrest and turmoil. The media is already talking of food riots likely to hit many parts of the world, including India. The large number of SEZs, the gigantic mining projects, the massive infrastructural development, the vast retail and other chains coming up, etc, is leading to massive displacement of the common people. This is being coupled with huge cuts in all welfare measures combined with extensive concessions to big business. With these growing attacks on the people and the increasingly fascist measures more and more people will look to the Maoists as the only viable alternative. This can already be seen over the past few years; this potential will increase in the coming days. It is then no wonder that the moneybags and their political representatives are panicky.

Also with the growing crisis the conflicts between the ruling classes will increase. This is already to be seen with them finding difficulty to pass the nuclear deal, inspite of massive US pressure. Many parties are opposing it mostly due to people's hostility for the deal. All know the deal will tie India hand-and-foot to the US chariot. These growing contradictions within the ruling classes will also be of much value in advancing the revolutionary movement if utilised effectively.

A significant development in this period is the developments in West Bengal and the total exposure of the CPM as social fascists. The heroic resistance at Nandigram and the genocidal terror of the CPM have exposed their true colours. Nandigram has not only exposed the revisionists as never before, it has also shown the path of armed resistance to the growing imperialist offensive reflected in the vast number of SEZs in the country. West Bengal has seen a sudden spurt in mass actions against the CPM, against the SEZs at Singur and Nandigram, the mass agitations against ration corruption by CPM bosses, the outburst against the

murder of Rizwaan by the CPM-police-big-business nexus, etc. This is a very important development in the country.

But in the coming days the scale of fascist terror will increase far beyond what exists even today. Unless the proletariat and its Party is equipped with effective and widescale structures with deep links with the masses, together with extensive and growing military formations (including a vast militia), it will be difficult to withstand the coming onslaught. This attack will be on the struggling masses in general and on the Maoists in particular.

In the eyes of the rulers and the present Prime Minister the Maoists are said to be the number one threat to the internal security of this country. Since the Maoists in the country have united into a single Party and People's Army the rulers have raised massive para-military forces against them; they have raised their intelligence network on a massive scale with deep covert operations; they have introduced very high levels of sophistications after intensive training from Mossad and the CIA; and they have equipped themselves with the experiences of past counter-insurgency operations to combat the Maoists in India. At the central level they have set up a multi-layered mechanism to counter the Naxalites: There is the Empowered Group of Ministers (EGOM) headed by the Union Home Minister; a Standing Committee of Chief Ministers of Naxalite-affected States, also headed by the Home Minister; a Coordination Centre headed by the Union Home secretary and comprising the Chief Secretaries and DGPs of the 13 affected States; a Task Force headed by the Special Secretary (internal security) in the Union Home Ministry; and an Inter-Ministerial Group (IMG) headed by an Additional Secretary (Naxal management) in the Union Home Ministry.

But all such measures are bound to fail. For two reasons: First, the people's anger will be difficult to contain. Secondly, the deepening crisis within the system will, to some extent, paralyse their ability to act cohesively, against the struggling masses and revolutionary forces. The time has come for the democratic and revolutionary forces to seize the opportunity and build a vast force in the country to beat back the imperialist-dictated policies of the ruling classes.

P t

THE CRISIS OF THE US ECONOMY — DOLLAR IN DOLDRUMS

Ashish

The US economy is in a deep financial crisis. The whole US economy has been basically dependent on the speculation in share markets, real estate business, zooming service sector and on production and sale of war weapons. The financial explosion which was supposed to be a remedy for the declining productive sector, has now delivered deadly blows to the US economy. The US financial market (represented by the Dow Jones industrial average) has already fallen (as on 19th March, '08) to the level last seen in November '06. In the globalised financial economy with the US as the most powerful military-economic power at the head, the crisis, with its epicenter in the US, has been dealing severe blows to global markets. And the brunt of this problem is now being borne by India like third world countries that follow the US diktats and get inspired by the neo-liberal growth model of the World Bank. The premier financial institutions of the world, mostly US, were involved in giving sub-prime loans (loans were given by luring the people with weak economic capacity to repay and they were meant to revitalize and activate the huge dull capital to buy flats, cars, furniture etc.) that triggered the massive economic crisis in the US and other countries. As the sub-prime crisis is intricately linked up with the share markets and real estate business, with the failure of one person among every seven persons to pay off loans, the accumulated sub-prime loss of \$600 billion not only quaked the domination of the US dollar, the whole capitalist economy, riskily dependent on the stock markets has now been facing serious blows. The expensive Iraq and Afghan wars, the spiraling oil prices and the sub-prime crisis have so adversely affected the US economy that the speculators and corporate lobby declared the pathetic state of liquidity conditions and the need for steroids by the intervention of the Federal Reserve. After ruling over for decades, the dollar is now steadily falling against the Euro, Yen and many other currencies. With the financial explosion, the US economy was destined to be ravaged by a two-pronged attack: inflation and stagnant growth. The Bureau

of Labour Statistics in the USA had already shown on January 4th that the unemployment rate had risen to 5%, while non-farm pay roll employment remained stagnant. With American goods and services getting cheaper, the economists wedded to capitalism think that this will create some net demand for US goods. In this crisis situation what was evident was that the gross domestic product was barely eking out a gain in the fourth quarter of 2007. And consumer price inflation shot up about 4% compared with that of the previous year. Gold set a record high of \$929 an ounce on January 30th itself while the existing home sales fell by 13% and the pending sales of previously owned houses by 1.5% in December '07. The UN World Economic Situation and Prospects 2007 feared that the grave crisis might slow down the growth of the US economy by over 2%. The reality appears to be darker. The rising joblessness, inflation and growth stagnation have now gripped the US economy by stagflation (inflation plus stagnation).

The number of homeless in the economic capital of the USA, New York, at present is 29,500. Most of them spend nights at various city-hall camps and shelters. In last October itself 80,000 people lost jobs and in the middle of March 2008, with the global share market crash, 85,000 more were thrown out of jobs in the US. The quantum of per head loans is on the rise. According to analysts at Morgan Stanley "Despite the Fed's aggressive easing, equity and credit markets are suggesting that it is too late to avoid the inevitable. Our preferred model now implies a risk of US recession of 11% in the coming 12 months." So far as the national debt is concerned it was \$5.7 trillion in 2001, \$9.13 trillion in 2007 and is estimated to be more than \$10 trillion by 2009. According to some analysts, if the USA does not withdraw its forces from Iraq and Afghanistan, the current increasing US internal debt of \$1.4 billion dollars will surpass the permissible absorbing limit.

Militarisation

After the great depression of 1929, the US economy had gone for a militarization programme to overcome the crisis. Now also, sales of arms to many countries helps

the US economy simultaneously with maintaining the US hegemony and sustaining markets. In this period of recession, in February 2008, the US struck a military deal with Saudi Arabia for selling arms worth a huge amount of \$20 billion. Before that such deals were sealed between the US on the one hand and Israel, Egypt to the tune of \$30 and \$13 billion respectively. According to a moderate estimate prepared by the Congressional Research Service of the USA, US imperialism sold arms valued at \$63 billion to different countries between 1998 and 2005. The policy of maintaining US supremacy under the guise of 'War against Terror' and massive expenses for US armed bases in scores of countries, have put the US economy in a perpetual contradiction. 40,000 US armed forces are stationed in Afghanistan alone. The US expenses in the defence sector stood at 3% of the GDP in 2000, then moved up to 5% in 2005 and in the past two years it has further increased. US imperialism considers West Asia as a strategically important region. The focus of its policy is on the control of energy resources of the oil rich countries. In Palestine and Lebanon, it is carrying on its 'divide and rule' policy. Similarly NATO under the auspices of the US has extended its control over all East European countries. Despite the strong economic position of Japan vis a vis the US, the latter has been able to encourage the militarization programme of Japan and made it participate in the occupation of Iraq. It has also roped in India in its programme, forcing India to sign a military pact and it is going to finalize the nuclear deal. It is the main supplier of arms to Australia. In Africa, arms worth lakhs of US dollars were purchased and military support was received by some pro-US states with Ethiopia in the forefront. In East Europe the USA has built military bases in Poland and the Czech Republic.

The rivalry among the imperialist powers, particularly between the blocks led by US imperialism and Russia and some other countries is hotting up. The present world with the hegemony of the US is now getting weakened with anti-US alliances of various degrees in Europe, Asia and Latin

America. Yet, the polarisation is not that much sharp and the US still maintains its supremacy in the world.

Rise and Weakening of the Dollar Under US Recession

In the pre-Bretton Woods period the major industrialised nations in trade followed the Gold Standard i.e. each country determined its currency in terms of gold. Thus, under the Gold Standard money supply was directly linked to the stock of monetary gold. The Gold Standard failed after World War I with the unbridled post war inflation. The Great Depression of 1929-33 finally bid farewell to the Gold Standard. During the fag end of the World War II, with the rise of the USA as the most powerful state, the United Nations Monetary and Financial Conference held at Bretton Woods, USA, in July 1944, with the participation of 44 countries had decided to establish the International Monetary Fund (IMF) to attain exchange rate stability and extend help to member countries to finance short-term balance of payment deficits; the International Bank for Reconstruction and development (IBRD), now known as the World Bank, to assist post-war reconstruction of the member countries and to establish an International Trade Organisation (ITO) for dealing with trade matters. The first two came into being as pillars of imperialism under the leadership of the USA. The ITO did not come up, though later in 1948, the GATT was formed, which much later was in 1995 transformed in to the WTO. The entire policy and programme was chalked out to resist the Soviet Block and to stem the tide of the post World War II atmosphere of the powerful international communist movement. The Bretton Woods agreement of the capitalist world had the focal point on the maintenance of stable exchange rates and a multilateral credit mechanism under the IMF.

The international monetary system that came out of this arrangement existed from 1947 to 1977. It was known as the par value system or pegged exchange rate system. By this system, each member country of the IMF was required to define its currency in value in terms of gold or the US dollar and was to maintain it i.e. to peg the market value of its currency within 11 percent of the defined (par) value. Thus the

supremacy of the US dollar was implied in the arrangement, with the US replacing Great Britain as the most powerful super power. The US promised that all US dollars in the possession of Central Banks would be redeemed in gold on demand, at the fixed price of \$ 35 per ounce.

The Marshall plan and other programmes of the US in the post-war situation, the US contributions to the World Bank, investments of MNCs and US defence expenditure etc, led to a supply of dollars outside the US. Gradually the par value system that emanated from the Bretton Woods agreement collapsed in 1971 with the massive military operations in Indo-China and huge accumulation of dollars abroad. The USA failed to exchange dollars for gold at the fixed rate. The spiraling balance of payments of the US (\$10 billion in 1971) contributed greatly to such a situation with the dollar glut in the 1960s and 1970s. However, only a part of the US deficit was financed by the export of gold. A crisis of confidence in the dollar emerged and by 1971, the depletion of US gold reserves and the piled-up liquidity liabilities i.e. dollars and dollar convertible assets reached a peak. For example the Central Bank of Germany alone held enough dollars to exhaust the entire gold stock of the US at \$35 an ounce, triggering a perceptible crisis in the fixed exchange rate vis-a-vis the dollars. The par value system collapsed severing the link between the dollar and gold. Not only that, the then president of America, Mr. Nixon, imposed a surcharge of 10 percent on dutiable imports to the US, arguing the need for speculators in the dollars. The real need however was to upgrade the value of other countries currencies against the dollar. This was a compulsion leaving those states either to continue the current exchange rates by way of accumulating more dollars without convertibility or to revalue the unfair exchange rates. Powerful European and Japanese governments opposed any change in the par value of the currencies considering the harmful consequences of such revaluation on their exports and their domestic economic situations. Those countries argued that if the US dollar is over valued, the way out of that imbroglio was a unilateral devaluation of the dollar. This ultimately led to the breakdown of the par value system and the emergence of the

different exchange rates or in other words a floating rate of exchange system and increase in the dollar price of gold by 8.57% (from \$35 an ounce to \$38 an ounce) and appreciation of major Western countries of their currencies in respect of the dollar. Those currencies were allowed to fluctuate within a wider 2.5% range on either side of the newly-fixed rates called the central rates. However, this arrangement too failed, compelling the USA for a 10% devaluation of the dollar in 1973. The most important pressure was sky rocketing oil prices in 1973. The floating exchange rate system was accepted and endorsed by the IMF in 1976.

The notable aspect is that, despite the financial reverses and huge military losses in the Indo-China war, anti-USSR Western countries could not negate or come out of the dollar supremacy. The dollar had to be devalued, the par value abandoned, the post 1973 rise of a trend from single currency to composite pegging showing flexibility, the US dollar still retained its status of most powerful currency.

The common market (EEC) resorted to have a stable and fixed exchange rate among the member countries and flexible exchange rates with countries outside the EEC. At the Maastricht Summit in December 1991, leaders of the European Community (EC) mooted the formation of European Monetary Union and a common European monetary policy, which in 1999 ushered in the launch of the common currency, the Euro. It was the common belief that the Euro would replace the US dollar soon. The Euro has received no-less acceptance but the dollar empire has not been replaced yet still in the world.

Dollar In Doldrums

In the current stage the dollar is weak and the Euro is quite strong. In certain transactions the Euro is gaining ground but we should never forget that around 65-70 per cent of Central Banks resources in the world are held in US dollars. A somewhat similar percentage of international trade, business and investments are invoiced in US dollars. Despite the downturn of the US dollar, the international economy is still basically based on the dollar standard. The "balance of payment" turmoil faced by Great Britain in the aftermath of

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THE CRISIS OF SHARE MARKET

Ashish

The Indian economy is in the worst of times. From the pure share markets to cricket industry, real estate to human resources, every asset category in India is for speculative business. Valuation or hyper-valuation is a created phenomenon. Financial markets have grown by leaps and bounds and with it the culture of spinning money in the shortest time has gripped the minds of many middle class people who so far maintained a studied avoidance of the share markets. In the disclosure of Kishore Biyani, Chairman of Future Group that owns the country's largest retail company: "There is no doubt we are going through a phase of hyper-valuation. The country is a land of illusion now." [The Economic Times, 24.2.08]. The utterances came out at a time when the Indian share markets have been nose diving and the global financial explosion has already seen a melt down. From January 21, 2008 in particular, the Indian stock markets started crashing along with other stock markets in Asia and Europe. After a bull run with staggering profits, on that day Indian stock markets registered a fall of over 2000 points within five hours.

On March 14 The Times of India wrote: "Although the sensx is down by about 5,600 points or 26% from its all-time-closing high of 20,873 on January 8 to its Thursday (March 13, 08) close at 15,357, and investors are poorer by over 23 lakh crore, market players are not sure when the current slide would stop." The retail investors, mostly the middle class people, who turned to the share markets with the dropping of bank deposit interests (a calculated trap of the government to lure the ordinary investors to the share markets) are now badly burnt. The BSE (Bombay Stock Exchange) fell 1,408 points on Jan 21 08, 875 points on Jan.22 0, 834 points on Feb.11 08, 771 points on March 13 08 and continues to fall.

Since Jan'08 till March 13, the Sensx has lost 4,930 points. On Jan 10, 2008, the index had touched an all-time high of 21,206 points. But on March 13, it is trading at its six month low of 15,357 points. The total investor wealth lost in 2008 upto March 13, has crossed over a ballooning \$500 bn. The future is only dark now.

Instead of recovering after two months, at the time of writing this piece, the Sensx shows signs of only decline. With the enormous sub-prime crisis in the U.S., palpable since particularly August 2007, the global capitalist economy has been in deep crisis. Several doses of massive financial steroids by the US Federal Reserve have failed to stem the decline. The share market bubble has now burst but that does not mean the speculative market which has grown so powerful as a pillar of the present capitalist economy, will lose its importance. The speculative market, which had only a marginal role in the earlier (pre-imperialist) capitalist economy, has grown bigger and bigger with the advent of the imperialist globalization programme, to overcome the slowing down of western economies, the US economy in particular. Let us hear from Noam Chomsky about the State of affairs:

"In 1971, 90% of international financial transactions were related to the real economy—trade or long-term investment— and 10% were speculative. By 1990, the percentages were reversed, and by 1995 about 95% of the vastly greater sums were speculative and very short-term: about 80% with round trips of a week or less." [Noam Chomsky, Profit over People, Madhyam Books, Delhi, 1999, pp. 23-24.]

Why the financial explosion?

The massive stock market activities in the financial sector in the past two decades or more on a global scale need to be dealt with a Marxist understanding.

In a period of economic crisis, when the buyers market shrinks, the utilisation of productive capacity is deliberately reduced in order to avoid overproduction. And at that stage price reductions become an impediment for larger profit margins. This threatening condition, with reduced scope of investment in production, that big capital began desperately searching for other avenues of investment. From the 1970s, particular after the Vietnam war, oil crisis, etc. the only remedy to salvage capitalism was found in going for financial products as a means of expanding money capital and quick profit. On the supply side of this

process, financial institutions began to assume a prominent role with financial instruments like derivatives hedge funds, options, futures, mutual funds, etc.

Thus the world came to witness booming financial speculation including that of the stock markets. The high computer-based technology facilitated a massive boom in stock market casino like speculative transactions on a global scale far removed from production of goods and services. Along with the lessening of net investments in the capitalist productive sector, all six leading capitalist countries entered a crisis period of slowing down since the 1970s. The combined annual average production growth rate of America, United Kingdom, Japan, West of Germany, France and Italy fell from 7% to 2% between the 1970s and the 1980s. Such a great decline necessitated finding unhindered investment outlets to the 3rd world countries. The situation in the 1990s deteriorated further with the declining productive sector investments. With the breakdown of the Soviet bloc and an end to the rivalry between the two superpowers, US imperialism launched its massive offensive against the third world, in the name of globalization. Those countries were trapped in never ending debt. It was found that by 1982 itself, the total debt owed by the third world countries to the US, European and Japanese banks had spiraled to an astronomical \$785 billion.

As a whole the productive sector became more and more constricted. Faced with such global problems the very existence of capitalism was in danger. By that period, with a declining productive sector in the West, there started an upsurge in gigantic capital flows from the imperialist countries to the third world economics which were already shackled by debt. The state interventionist model, state sector, tariffs and other limited restrictions prevailing in the third world countries, etc. needed to be drastically removed to facilitate this imperialist attack. 'Globalisation', in other words, imperialist globalization, became the objective of the imperialist countries, IMF, World Bank and such financial institutions. The 'Structural Adjustment Programme' is the result of this

imperialist globalizations programme. To study the whole gamut of stock market explosions since the 1980s, one should have a broad, overall perspective in view in the period of imperialist globalisation integrated with neo-liberalism and financialisation. The Indian stock markets, so vast in scale with massive inflows of foreign idle capital, also assumed the expected giant's role in this period of 'economic reforms' under the globalization programme.

The state gradually withdrew itself from its traditional role in the social sector. The Western capitalist states or the states in the third world adjusted themselves to meet the imperatives of financialisation. The state's role as the lender of last resort, in order to provide liquidity to the system at short notice, was incorporated into the system to cushion the economies facing frequent crashes.

Certain crucial facts should be made clear. First, financial explosion or in other words, the enormous role of stock markets in the West or in countries like India is the consequence to the dwindling scope of new productive investment opportunities. Such explosions are a clear indicator of the global stagnation of capitalism. Now, in most cases, there is no necessary connection between the stock markets and the productive sector of the economy. In other words, financial and real investments are now disconnected, due to the fact that real productive investment has stagnated. The space of real investments has shortened, such investments have been concentrated now on consumer durables like Fridges, TVs, Cars, etc. production for mass consumption of essentials commodities has been of little importance. Now, there is a growing tendency of linking financial and real investment in the very limited but expanding real estate business, cement and steel production, etc. However, the most prominent manufacturing sectors, the basis of capitalism, as a whole is losing importance. The growth in capital stock in manufacture in comparison to the broad financial sector has severely reduced even in the citadel of world capitalism, the USA. Speculative capital has tangibly transformed the very capital structure. The proof is that while in 1948, the capital stock in manufacturing was almost 2-1/3 times larger than that of finance (speculative

capital) — by 1988, it was reduced to less than 14% in the USA. Now after nearly two decades the scenario has turned worse with the financial explosion, and while growth of the capital stock in manufacturing gradually declined, the growth of such capital stock has vastly increased in the real estate, insurance, finance, etc. Thus the financial or stock market investments have tremendously increased both in the western capitalist countries as well as in economies like India, China, etc. What is supposed to be a remedy in the form of a speculative boom to rejuvenate the stagnating capitalist economy is actually a contagion that will produce frequent bursts, throw the employed to the streets, ensure speculation-based crippling growth, pauperisation of millions, destruction of physical and cultural environments and the third world economies will be squeezed and destroyed. And the last but not least the whole range of Smithian, Ricardian, Keynesian and such theories of the fathers of the capitalist economy will even be discarded to worship speculative capital justified by neo-liberal economists

Poisonous US Route To Recovery

In 1929 when the Great Depression swallowed the US economy, the US stock markets also crashed. However, in that period stock markets played no significant role. The huge state-directed expansion of military spending during World War II could save the US economy to come out of Depression. The crisis-ridden Bush administration too proposed in February 2008 a whopping, 315 billion dollars to the military while slashing health care for seniors and other human need programmes. With the Sub-prime crisis, the crude prices going past the \$100 per barrel mark (as on 13th March 08), weakening US dollar against other major currencies and the down-slide in the US stock markets, the Bush government is resorting to dangerous tricks to overcome the crisis of US capitalism. The Indian stock markets are closely tied to international markets, the US market in particular. So despite earlier false claim, the reality is that Indian stock market has been tremendously impacted by the Sub-prime crisis and the consequent recession in the US. The Federal Reserve has already cut short term interest rates

aggressively several times but the economic data offer no signs that the medicine is working. In actual reality the interest rate cuts can't do anything about the glut of unsold homes. Stock markets explosion and the related housing market boom were thought to be a saviour of the US economy for the past few years. Even the *New York Times* (September 22, 2002) predicted the current danger: "*The equity [stock markets] bubble helped to create other bubbles – most notably in the housing market and in consumer spending. Their continued existence poses a serious threat to lasting expansion There is good reason to believe that both the property [housing] and consumer bubbles will burst in the not-so-distant future*" The prediction is now a reality. The stock market bubble (fueled by the IT bubble) in the US since January 1995, reached phenomenal heights, rising at the rate of 23.6% per year, for the next five years. With the burst of the IT bubble the stock market slumped after August 2000. The current stock markets fall along with realty business failures are unprecedented in the recent decades. The Iraq and Afghanistan wars and zooming oil prices have battered the US economy.

Indian stock markets have taken a harder beating than other markets, despite the fact that the epicenter of the global tremors in stock markets are in the US. Till now the benchmark sensex has fallen by almost over 25%, while the Dow Jones of the US has fallen by 5.78% since January. Even the Japan's Nikkie went down by 14% in this period. India's fall is drastic and surpassing others. Ironically, a PTI report of March 9, '08 informs that the US media survey has recently found 53 Indian millionaires have amassed a fortune amounting to more than 340 crore rupees. This staggering amount accounts for about 31% of India's national income. This is even four times the average of the world as a whole. In contrast, 469 US millionaires own properties amounting the 11% of the US national income. The ballooning and speculation-based quick growth of what is projected as a trillion dollar economy i.e. India, is naturally yearning for its dependence on the US more than the US itself.

Warren Buffet, the best known US investor, estimates the sub-prime loss at

\$600 billion. Less affluent sections have been the hardest hit by this crisis with hundreds of thousands of home closures. The unemployment level has risen alarmingly. So then, how to overcome the problems of capitalism? Now, the new players and innovatives in the sub-prime market have replaced the old. The new players are encouraged by the fact that the old sub-prime losses hit not only the retail sub-prime tenders but the greedy banks and hedge funds in Europe, West Asia and Asia. Those villains had invested trust monies of their clients in the consolidated sub-prime mortgage instruments—the Colateral Debt Obligations (CDOs) rated by so-called big reliable agencies and floated in the global market by the well organized sophisticated US system. What is scandalous is that a good part of that investment from investors from outside the USA is lost. For such bad loans given, a big bank in India, the ICICI, is making a provision of \$200 million-plus in its books for the CDO certified by the highly sophisticated US financial engineer. Thus the non-US investors also suffers huge losses lured by the US housing sector and speculative gains.

With the big sub-prime crisis and the failure of the Fed Reserved to salvage the US economy, the US players are now resorting to dubious and more poisonous methods like issuing sub-prime credit cards which have multiplied, by once again signing up with those customers who had defaulted on sub-prime mortgages. The mass-mailed credit-card offers rose by a whopping 41% in the first half of 2007, over the same period in 2006 while new credit to good customers has come down. The trick is that when a sub-prime credit card limit of \$250 yields a net credit of only \$72 to the borrower, the balance \$178 is going as various charges. So, the *US Today* (December 7, 2007) wrote that “bad credit is good business” in the US.

There are lots of apologists for financial markets in India, who (known economists in the academic circle) write favourably on the very positive role played by such markets on saving and investment, growth, etc without raising the dangers of financial instability. [The recently published comprehensive compendium from Oxford University Press titled “*The Oxford Companion to Economics in India*,” edited

by Kaushik Basu, is a case in point]. That the Indian growth story and its volatility is critically linked with speculative capital is seldom analysed.

Even after the notorious 1929 stock market crash and then the Great Depression of the 1930s, even economists of capitalism rejected any macro-economic view suggesting any credible role of stock markets to revamp the economy. During the second great crisis in the 1970s, the stock market crash and economic stagflation once again raised the question of speculative bubbles.

Alan Greenspan, the former chairman of the US Federal Reserve Bank, in his recent book *The Age of Turbulence in a New World* (Penguin Press, 2007) has disclosed the fact that over the past two decades, in the wake of each and every bust, the US Federal Reserve and other central banks’ interest rates cuts to liquefy credit markets, have been resorted to, in order to create speculative bubbles. The benefits of a speculative bubble based economy, Greenspan adds, are considered by the US policy makers as greater than costs of handling the crisis. This only smacks of the utter failure of capitalism trying to save itself using doses of poison going even against the rules of the capitalist economy.

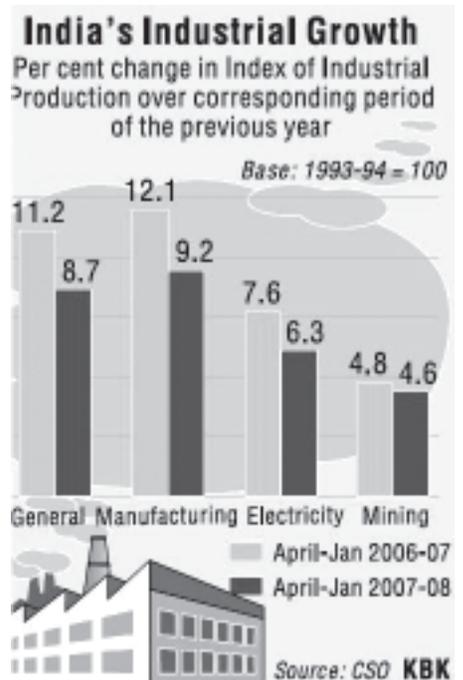
While we were giving final touches to this write up, the ‘Business Standard’ of 18th March, highlighted another severe blow to the stock markets. On 17th March, the bench mark Bombay Stock Exchange index slipped to its second biggest points’ fall and the lowest since August 2007 in line with an Asia-wide slide after the Federal Reserve cut its discount rate at an emergency meeting and JP Morgan Chase agreed to buy sub-prime hit Bear Stearns for less than a tenth of its value. With this fall, the Indian markets have lost over Rs. 25 lakh crore since the Sensex peak of 20,800 levels in January 2008. Thus on 17th March the Sensex was nearly 30% down from its early January peak. The Nifty fell 5.11%. On 17th March 08 alone, the market cap wipe-off was Rs. 3,25,426 crore. It is to be added here that the big selling of shares worth Rs. 1,400 crore from American Bear Stearns’ portfolio in India also helped trigger the crash in the Indian market.

Decline in capital goods production

Why India like, other countries for the past two decades or more, suddenly became so much buoyed up with the massive bustle in the share market? Why each and every daily created ample space for dishing out the news of the movements in the share market, why even TV channels started live telecast on the prospects of windfall profits through investment in certain shares and why ordinary investors became unusually enthusiastic about the goings on in this sector? And most of all, why the central government in India is so much focused on ‘growth’ revamp by way of massive investments in shares? Why so much propaganda of India as a member of the elite club of 12 countries with a trillion-dollar economy with the stock market capitalization having crossed the trillion-dollar mark.

All such phenomena can be explained taking into account the following.

According to the data by the Central Statistical Organization (CSO) so far, it was the consumer goods segment which was the laggard as far as growth in 2007-08 was concerned, but the latest data on Index of Industrial Production (IIP) have shown a sharp decline in the growth rate of the capital goods sector, which basically means that fresh investments are not keeping pace with the expected projections. The capital



goods sector growth dropped to just 2.1%. The IIP data for January 2008 showed that the overall index grew by 5.3% against 11.6% growth in January 2007, brought down by the decline in all the major segments like mining (1.8% growth against 7.7%), manufacturing (5.9% against 12.3%) and electricity generation (3.3% against 8.3%). But what has sent out alarm signals, is the performance of the capital goods sector. While it recorded 24.5% in November 2007 and 16.6% in December 2007, the capital goods sector growth slumped to just 2.1% in January '08. Similarly, the poor performance story of the consumer goods sector continued in January 2008 as well. While the overall growth in this segment was 7% against 8.2% in January '07, consumer durables sank to a negative growth of 3.1% against 5.3% in January 2007.

India Ravaged by Loot of Foreign Investors

India is now the land of over one billion people and our rulers boast of a three-trillion dollar economy. And, this 3-trillion dollar GDP feat came alongside the Indian stock-market crossing the one trillion dollar in market capitalization. If we leave aside financial jargons, we find a hollow growth-rate of the economy with massive inflows of foreign capital in the share markets and various sectors. Basically it is the institutional investors that massively entered India through the sub-accounts and P-Note routes. It was found in October 2007, that, as many as 1,100 FIIs were registered with the SEBI. P-Notes and sub-accounts increased like anything that created jerks in the market. SEBI allowed FIIs and sub-accounts freedom to invest directly in the derivatives market. FIIs have used their highly secretive funds leveraging their money manifold by using the derivatives route. Derivatives amounted to 80% of the total turnover of the FII business in speculative loot.

With the massive inflow of foreign investments, 'The Economic Survey' has advised 100% FDI in new private rural-agricultural banks, increased imperialist capital in various forms, basically for speculative business, etc. This lop-sided growth has resulted in an economy with the service sector accounting for 55% of the GDP and declining agricultural and

manufacturing sector, a trillion-dollar stock market fraught with dangers of crash and high volatility.

The imperialist system has depended too much on financialisation as a way out of economic stagnation. The current crisis may be overcome for the time-being but the inherent problems, will remain to engulf the system again and again. Ever-increasing pauperization of the masses is its hallmark!!

APPENDIX:

(1) Certain Necessary Fundamentals *Stock Exchange-*

Big enterprises raise capital from public at large with the mechanism of the stock exchange enabling buying and selling of shares or share certificates or financial assets. This activity of convertibility of financial assets relating to the stock exchanges are known as the Stock Market or the Security Market. At present in India there are 23 regional exchanges formed by member brokers. The four national level exchanges are Bombay Stock Exchange (BSE) renamed The Stock Exchange, Mumbai, National Stock Exchange (NSE), OTC Exchange of India (OTCEI) [OTC means 'Over The Counter'] and inter-connected Stock Exchange of India (ISE). The Indian Parliament in 1992 formed Securities and Exchanges Board of India (SEBI) to oversee the securities market. Now, for the immense power and role of the share market, the Indian government ensured segregation of stock exchanges often referred to as 'demutualisation' or corporatisation. The NSE is the government of India formed stock exchange in 1992 providing access to all investors across the country. Thus stock exchanges now play a significant role for secondary trading of securities issued by various companies to the public at large. Once a company lists securities in a stock exchange, certain rules are implied, but the fact is that, unfair means are widely practiced and speculation is the pillar of such business.

Securities Market

Such a market is meant for selling and buying of securities and the funny thing is that it has no specific physical location instead it stands for the entire system in which financial securities of financial instruments are traded including the people, institutions, organizations. We

should make it clear that 'security' stands for an investment instrument issued by a government or a company indicating the evidence of either ownership (shares) or credit (bonds, debentures). Secondly, a securities market comprises capital market and money market, depending on the fact whether the instruments being traded are long term or short term in nature. Capital market is related to a market for long term financial instruments of ownership like shares, bonds, debentures, etc. contrarily, the money market deals with short term financial instruments, usually the maturity period fixed below one year.

Capital Market and Money Market

Capital market is the market for collecting money through a long term basis by way of debentures, bonds, loans from banks etc. while the money market is the market for short term funds. Here it is necessary to clear the idea on primary and secondary (capital) markets. The primary market consists of companies which make the security issues, and the people who subscribe them, like the IPO. Thus in the primary market a company tries to mop up capital by way of the first contact with the public. On the other hand, the secondary market is comprised of buyers and sellers of shares and debentures subsequent to the original issue. So after possessing a share or debenture of a company from the primary market one can sell it in the secondary market. Here lies the significance of the stock exchange.

IPOs – Companies raise money in the securities market only when they sell or issue a security to the public in the primary market. The first time issue of a security in the primary market is known as an Initial Public Offering (IPO). However, there is generally a time gap between the commencing of a company and issuing shares to the public. So the question of pricing of shares is an important question and the buyers of shares in many cases do not know what the price of an IPO will be. The company places in the draft prospectus (containing the information about the company) which is also called the Red Herring prospectus to the regulator (SEBI in India). Very often companies overprice their issues. Here arises also the question of an investment banker for playing in an IPO issue. So, a company

appoints one or more investment or merchant banks. These are American and British terms respectively, for the middlemen providing a range of services in order to bring together companies and the investing public. Among the important role of investment bankers, the role of lead managers and underwriters for distinct bookkeeping services is important for mobilizing capital.

SEBI – Theoretically the role of SEBI like regulators is to regulate high degree of volatility in the capital market. Sometimes even circuit breakers or trading halts are imposed to save the share market.

Mutual Fund – It is a common pool or fund of capital mobilization from a large number of investors and invested on their behalf in several securities in the market. And, all the returns from such investments, both in terms of dividends and capital appreciation, after deducting various incidental expenses, accrue to the investors. Mutual funds based on an asset class of investment may be of different types like equity funds, debt funds, money market funds, gnit funds, real estate funds, etc.

Stock Index – The movement in any stock market is reflected in the stock index. This movement of the market against a benchmark index, taken as 100, on a base year. Each stock exchange has a flagship index like the Sensex of the BSE or the Nifty of NSE. The calculation is based by tracking the share prices of its constituent member companies. The SENSEX is an index comprising 30 component stocks representing a sample of large, well established and leading companies, while the NIFTY consists of 50 stocks. Sensex and Nifty are calculated using market capitalization weighted method. It is interesting to note that the base year is more a fiction than reality. For example, the base date for Sensex is 1st April 1979 and for the Nifty it is the 1st April 1995, which means the Sensex and Nifty were assumed to be 100 on those respective base dates. However, the fact is that the Sensex came into existence only on 1st January 1986, when it was computed at 598.53. In fact, the base date does not have any real significance beyond the date of introduction for all the subsequent days the index is calculated by comparing the

previous day's value.

(2) How Share Market operation starts

A company mops up capital for financing any old or new project by floating shares in the market. The shares may be owned by individuals or other companies. There are types of shares, ordinary (equity) and preferential. Preferential shares officially rank before ordinary shares (equities) for dividends. There are also debentures which carry fixed interests; preferential shares comprise a small number compared to equities. For the functioning of the share market, the stock exchange appeared as an institution through which company shares and government stock are traded. Through the stock exchange companies get their shares listed. This listing is an agreement by a stock exchange to allow a company's shares to be traded. As equities are more important and bulk, let us see how the operation is done. The corporate houses sell equities often said as IPOs (Initial Public Offerings) to investors at a predetermined price in the primary market. After that those equities are listed on the stock exchange for being traded or getting exchanged from one hand to the other at a price determined by the secondary market. This change of hands does in fact have little impact on the common people as the buy-sale operation in the secondary market is under the control of big operators and dealers involved in high level of speculation aimed at hugely profiting from the expected high-rise in the share prices. Secondly, the capital market which is more or less identified with the stock exchange dealing with securities (paper assets like equity shares of large companies, bonds, blue chips etc.) have "any real connection with economic growth", says even economists favouring a capitalist economy. Let us now see the upward or downward movements of share values. There are indices which are created by constituting of select scripts based on a weighted average calculation and their trading prospects. What we frequently hear, is the BSE Sensex, one of the dominant indices indicating the movement on the Indian share market.

(3) Share Market in the

Maximum view

In *Das Kapital*, Karl Marx's basic proposition is that production (rather than trade and commerce) is the fundamental basis of capitalism. While for the bourgeois economists capital comprises assets of individuals any kind may be the money to be invested for a rate of return or may be the investment itself. For them it also may be a financial instrument, or share or stock representing titles to means of production, or it may be the physical means of production. Such all-encompassing notion is wrong, mainly because it does not consider the stages of development of society to ultimately reach the age of capitalism with its specific features. In earlier societies commodity trade as well as capital in the sense of generating income, could be found but in the capitalist system the production of capital and capitalist relations predominate. Thus capital is not a thing but denotes a relationship, engendering opposite classes, "*a definite social production relation belonging to a definite historical formation of society it is the means of production monopolized by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this labour-power, which are personified through this anti-thesis in capital.*" (Marx *Capital III*, ch. 48). Thus the process in the system starts with capital in the form of money (M), it is then transformed into commodities (means of production, capital and labour power) to become then productive capital (p). The commodities are then sold and retransformed into capital.

In the Marxian sense capital to be productive, there requires factories and forms for producing commodities (means of production and labour power). Its character is not like that of merchant capital in the stage of capitalism where trading houses play a prominent role. Banks too are operators of merchant capital to the extent its dealing in money by exchanging it. However, with the development of capitalism, the monetary system of interest bearing capital assumes a specialized form with its engagement in the process of lending money capital to industrial capital. Merchant capital that far preceded capitalism also depends on the industrial

productive capital to share a portion of profit in the capitalist system. Interest bearing money given as loans to capitalists, engaged in production, in Marx's words, also receives a portion of surplus value.

In the latest phase of capitalism, imperialism, with the vast expansion of credit money through the flotation of joint stock companies and bank lending alongside high concentration, rise of monopoly capital in the stage of imperialism with integration of finance capital and industrial capital changed the features of capitalism. Yet one must see the earlier relationship between the lending role of the banking or interest bearing capital and industrial capital. Later, the state too entered the game. Lenin identified finance capital as not itself a stage of capitalism but a prominent features of imperialism. In his words: "The characteristic feature of imperialism is not industrial but finance capital." With the domination of finance capital even before World War I, a world system was developed in which finance capital and productive capital were exported until the whole world was linked with one or the other stock of finance capital.

Now, major banks also control large firms with the management of corporate stock. Also many bank's management of pension fund portfolios and such instruments do have control over substantial blocks of shares to influence corporate firms. There is also the trend found of some corporate houses involved in baking activities of money dealing and investment funds collected from wholesale money markets.

Finance capital does have various forms including equities, bonds and loans.

Productive labour:

Workers employed by a profitable advertisement agency which has the responsibility to campaign for the sale of the commodity of an industrial unit, do not produce anything productive as such. The surplus value deriving from such commercial activity arises not from the exploitation of workers as in factories but from a transfer through the price mechanism produced by productive workers elsewhere. The capital involved here is commercial capital.

Now a large numbers of people are engaged in financial activities like

accounting for financial flows, recording market fluctuating and complicated financial instruments for operating financial markets and providing credit. Thus large sums of capital are also available for the purchase of inputs by industrial capital at a rate of interest determining a transfer of value between two contracting parties. Such financial service does not produce any commodity, hence no commodity equivalent to match the payments of interest. Such a charge of interest is a claim on the surplus value produced by industrial capital. The commercial capital and financial capital increases/decreases on the basis of production based on extraction of labour-power. This is a historically defined outcome of capitalism.

(4) Role of financial and commercial capital under globalization

International finance and money appear to be in a dominant position since the 1980s. With neo-liberal policies under globalization, huge flows of short term investment, speculation in currency, financial instability and market crisis have been the hall marks of the current decades. The casino-culture is against industrial development, some poor critics of globalization end here without opposing the system of capitalism itself.

The present financial domination creates a strong demand of share holders for high returns and high short term company profits. Interestingly, bank loans and bonds are now getting more and more on international short term profits. Banks operation on the international scale provide credit to enterprises and countries, which are able to pay high private returns. For countries like India, such banks cut credit lines with the declining returns and there is a flight of money flow back to the western centers, bring about a crisis in such countries.

The domination of financial markets does not mean the loss of importance of industrial capital, rather the new strengthened coalition has emerged to restore profitability after the crisis of the 1970s. With the downward demand for basic commodities and the increasing prospect of high returns from financial assets, the industrial production process too changed by way of downsizing, sub-contracting,

relocation of plants in various countries with greater control in the hands of the corporate houses. All this created a temporary boom till 2000. Mutual and pension funds play a great role in the centralization of money and in this phase such funds etc. i.e. the participation of finance is closely related with the accumulation of industrial capital as never seen before.

Share market –

The disparity between the market price of shares and the 'real' capital evaluation of companies is shown by different indices. Such so-called irrationality of the financial markets have always confused the bourgeois economists. In economic text books rational individuals in the market and the current neo-classical theory of equilibrium are stressed but fail to explain how the prices of financial assets are related to the 'basis of economics.'

J.M. Keynes wrote in 1936 that the irrationality of financial markets stems from mass psychology and 'herd behaviour' when the news spreads about the rise and fall of the price of assets such psychology reach, even without seeing the changes in the underlying economic conditions. For Keynes, a small section of the rich reap profits and so financial activating should be kept out of their hands and regulated by the state. This is not a remedy and proper explanation of irrationality. Neo-classical economists go further, to 'regulate' such irrationality of the financial markets by arguing for private regulation of exchange rates, public services and social welfare in favour of financial fortunes. Actually such steps are causing windfall profits along with the financial market crash. It should be made clear from the Marxian view that money and money capital are derived from the creation of value and the circulation of commodities. Money capital is necessary for industries and capitalist profit is based on the exploitation of labour power. Marx went further to say that a capitalist 'credit system' is highly concentrated in the hands of a few wealthy people including some industrial managers. Marx said that the evaluation of financial assets is peculiar, because they are not directly produced by labour. When a sum of ten trillion dollars was lost in 2001 with the stock markets failure, the factories and workers did not

vanish as a result of the overvaluation of financial shares and decreasing wealth. It was actually a depreciation only of 'paper wealth', through a form of capital property. Such losses did not deprive the rich owners of their property rights. The relevant fact is that, despite the fluctuations of share prices, large fortunes remain in the possession of a few rich. Recent history clearly shows that since the 1980s, in the West and so-called front ranking countries of the 3rd world, financial markets and institutions scramble for corporate profits and high financial rates of return from company activities with huge growth of joint-stock companies in

investment in corporate shares. This new trend under globalization makes it easy for the big industrial houses to go for highest returns with extreme mobility and liquidity of financial investments. There is also the significant unity of high salaried directors of industrial units and financiers with the former involved in ensuring profits of industries along with obtaining share portfolios by way of stock options, etc. In some cases they play a role in changing the organization of industrial production for reaping both profits and financial rewards. Such directors and managers of finance makes it appear as if capitalism runs now without capitalists.

The growing role of hectic stock markets in the phase of imperialist globalization produces the dangerous culture of quick and easy profits by investing in shares, mutual funds, etc. among the middle class. Privatisation, outsourcing, down sizing, retrenchment, high-tech machines alongside this tide of share markets under a state of decreasing opportunity in investment in the productive sector make the lives of the working class miserable. This is obviously the crisis of capitalism globally.

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World War II was also synonymous with the Sunset of the British Empire, pushing the Sterling reserves to the wall. The British Sterling lost its strength and power like many other currencies in the earlier period of history simultaneously with its economic and military might in the world.

The US dollar is loosing some of its value as currency reserves to the Euro. The USA has been suffering balance of payment constraints vis a vis China, Japan etc, and a huge loss is inflicted on the US economy with each and every passing day, it is currently experiencing heavy blows delivered on it by the Sub-prime crisis but it will be naïve speculation that the US state will easily allow the replacement of the dollar standard. Its military might, political maneuverability, psychological pressure and most of all the vastly spread economic control over the world economy and unequal trade are proof positive against

retaining the dollar standard till date. But there is no doubt that the Euro is gaining ground with the value of the dollar vis a vis the Euro having halved since it came into being.

Despite the deficit budget, the US military power is extending its militarization programme. George Bush has of late submitted a deficit budget to the tune of \$3 lakh ten thousand crore for the year 2009. Significantly it is in this budget that \$7000 crore has been earmarked for the Iraq and Afghan wars. Despite economic recession Bush has declared that the current budget will strengthen national security. The top priority has been given to defence with a 7.5% increase in military expenditure and 11% increase in national defence. Such militarization of the economy will register a deficit of \$40,000 crore, compared with the deficit amount of \$16,200 crore, the imminent is almost double.

Any perceptible person can understand the still powerful presence of US imperialism on the globe despite economic reverses. The growing militarization of the economy, exploitation of resources from around the world, profits by way of enormous amounts of arms sales in the world, vast network in the continents with NATO like military alliances, control over the World Bank, IMF, gigantic powers of MNCs, speculative capital world wide etc, are a guarantee, despite massive recession in the US economy significantly depended on real estate business and speculation, to keep dollar as weekend but still acceptable currency in major dealings in international trade and business. With the dollar in doldrums the Euro is making steady in roads and the contention between the two are bound to grow in the future.

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male counterparts. There is often discrimination in terms of the nature of work and they are simply not allowed to enter certain field of activity.

Women workers are usually of subsidiary status which means that they are actually unemployed persons engaged in economic activity for part of the year. In fact the increase in employment until 2005 shows the growth of workers in this category. This is nothing but erosion in full-time or formal jobs and the increase in informal part-time jobs. In the recent decade, there is a growth of subsidiary self-employed non-agricultural activity in the

urban areas, particularly among women. A woman, with considerable domestic duties, engages as a subsidiary worker simply to make ends meet.

Conclusion

This then is the stark reality of the kind of jobs that are being created by the economy growing at more than 9 percent. The euphoria surrounding the high growth rates needs to face this reality. The so called growth is simply not creating jobs with any kind of security or dignity. It is merely pushing the vast majority of the people to take up odd jobs and somehow battle to survive. Such growth needs to be shunned

and it can only be done when vast sections of people rally around the right to dignified employment and the right to a life with dignity. The present economic system cannot provide such an opportunity. If employment generation has to be there it is only possible if the entire economic structure is overhauled where industrial growth is generated (creating jobs) though massive expansion of the purchasing power of the people and with preventing the loot by imperialist and their comprador agents. This calls for a radical transformation.

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INTERVIEW WITH FARC COMMANDER RAUL REYES

We print this interview on the occasion of the martyrdom of the heroic Colombian leader who died fighting the puppet force of the Colombian army. In end Feb. Reyes, 59, was martyred in combat and air strikes in neighboring Ecuador in a joint military operation by land and air forces of the US army and puppet government forces. Raul Reyes was the official spokesman for the Revolutionary Armed Forces of Colombia and considered a possible successor to the leftist group's No. 1 spot. The United States had offered a \$5 million reward for his capture. The air force bombed a camp in Ecuador on the border with Columbia where he was thought to be, but as ground troops moved in, they came under attack from another camp across the frontier. Reyes was found dead in the base in Ecuador. One soldier and 17 revolutionaries died in the operation, which involved Colombia's army, police and air force, the defense minister said. Among the revolutionaries dead was another senior FARC member and songwriter known as "Julian Conrado." Reyes real name was Luis Edgar Devia Silva and said to be FARC's No. 2 commander.

Here in Colombia, it is true what some say about it being a narco-democracy. I believe there is a narco-state, a narco-economy, but there is also a great hypocrisy in the Colombian political establishment because they sell the story that they are fighting drug trafficking. They go to the United States to ask for support to fight against drug trafficking. And they go to the European Union to ask for support to fight against drug trafficking. They organize forums and seminars about the fight against drug trafficking when they themselves are the drug-traffickers and the beneficiaries of drug trafficking. This is an extreme degree of hypocrisy, no?

[By Garry Leech]

The Revolutionary Armed Forces of Colombia (FARC), a peasant-based guerrilla army with an estimated 18,000 fighters, has been waging war against the Colombian government for more than 40 years. In recent years, Colombian President Alvaro Uribe and US President George W. Bush have both intensified their efforts to defeat the FARC as part of the so-called war on terror. However, despite receiving more than \$4.5 billion in US aid over the past six years, the Colombian government has yet to achieve a military victory. In June, I traveled to a remote jungle camp to meet with FARC Commander Raul Reyes. During a two hour interview, Reyes discussed the para-politics scandal, the revolutionary struggle, the dirty war, child soldiers, the FARC's controversial use of home-made mortars and landmines, Plan Colombia, Plan Patriota, neoliberalism and the prospects for peace in Colombia.

Q: What is the significance of the para-politics scandal for democracy in Colombia?

Raul Reyes: The para-politics scandal is the result of many years of the existence of drug trafficking in Colombian politics. Drug trafficking money circulates at every

level of the government, in all the apparatuses of the State, all the governmental institutions. Drug trafficking has carried various presidents to the presidency. But aside from the money for presidential candidates, the money also funds congresspersons in the House and the Senate. Many judicial processes are also bought with drug trafficking money. Drug trafficking money has also penetrated inside the police, inside the army, inside the DAS, the SIJIN, that is to say, inside all the components of state security. The president is compromised with this money. This money is also found in industry, in commerce, in the pharmaceutical industry, in the chemical industry, in all of these.

For these reasons the situation in Colombia is serious. Here in Colombia, it is true what some say about it being a narco-democracy. I believe there is a narco-state, a narco-economy, but there is also a great hypocrisy in the Colombian political establishment because they sell the story that they are fighting drug trafficking. They go to the United States to ask for support to fight against drug trafficking. And they go to the European Union to ask for support to fight against drug trafficking. They organize forums and seminars about the fight against drug trafficking when they themselves are the drug-traffickers and the beneficiaries of drug trafficking. This is an extreme degree of hypocrisy, no?

Q: How has the demobilization of the paramilitaries affected the FARC?

The demobilization of the paramilitary does not exist, it is a farce. It is the government of Uribe trying to deceive Colombians and the international community. The intention of Uribe is to legitimize paramilitarism and drug trafficking in Colombia. The structures of those criminals continue functioning and, therefore, they continue murdering people. Now they use different names, the "New

Self-Defense Forces" or the "Black Eagles," but they are the same. In many cases, the demobilization involved the drug-traffickers buying common delinquents, paying them a salary to wear a uniform and to appear like paramilitaries. Then a drug-trafficker appears as the commander of those boys to whom he paid a salary so that he is not extradited to the United States and so that Uribe can show that he is making peace with the paramilitaries. It is deception, no? And one they know they cannot maintain because the International Community is not fools, the International Community knows perfectly what is going on and the Colombian population is a witness to it all.

There can never be a peace process among those who have not been at war. There has never been a war between the Colombian State and the paramilitaries, because the paramilitaries are an appendix, an extension of the State. They have been fighting to defend the same State; they never took up arms against the State and for a new regime, or a new system. Their argument has been that the State is so weak that it needs reinforcing and so we are going to help the State.

Now, as it affects us, the FARC? It affects us in that we are the people, the people in arms; it affects us in that it is a great lie, a great deception; it affects us in that Uribe wants to show that the paramilitary groups and we are the same; but in practice it does not affect us. It is the population that it affects, because these types who were supposedly demobilized continue murdering people and disappearing people, they continue conducting their business. But it has all turned against Uribe, because over time it has become clear that his government is a spurious government, that is to say, an illegitimate government, because he became president by buying votes with drug

trafficking money. His presidency is a product of electoral fraud. What's known as the Uribista coalition consists of gentlemen drug-traffickers and paramilitaries. For that reason, the illegitimacy of this government is immense. What is difficult to understand is why other decent governments maintain relations when they know all this about the president.

Q: Some claim that the FARC is nothing more than a criminal organization, that it is not political or ideological. What do you think of these claims?

Reyes: It is a campaign of the war; it is nothing more or less than a form of war. They use it to discredit the revolutionary struggle. This campaign has gained strength from September 11, right? When the twin towers fell in the United States and everyone began talking about terrorism, the Colombian government started calling the FARC and all the revolutionary organizations in Colombia and the world "terrorists." Then they could liquidate them, intimidate them and force them to renounce the revolutionary struggle. And this has increased war in the world. But the results, in our judgment, have not favored the United States, nor has Mister Bush, whose credibility today been dramatically diminished. The popularity of Mister Bush is not the best at this time, because of the war against Iraq. Álvaro Uribe, to the shame of us Colombians, is the only ruler in our region—South America—that has supported that war. I believe that the American people will take measures to discontinue the wrong policies of their government. Fortunately, one sees some expressions of this now. Some Democrats are beginning to say "No, we are not going to support the deployment of our troops to Iraq, they have to return to United States as soon as possible. We are not going to approve the budget for the war. Neither is we going to approve more money for Plan Colombia without conditions. We are not going to sign an FTA with a government like the one in Colombia, which is a narco-paramilitary government, a corrupt government, a government that has fought an endless war against Colombians." We don't think that this is a solution, but is an important step that the FARC values. At least the Democrats are helping some

thinking sectors in the United States to understand this phenomenon and to work to dismantle the machinery of war.

Many think that every American, by virtue of being from there, is an imperialist. For this reason the FARC has produced two or three documents indicating that we deeply respect and admire the American people, but we do have deep differences and are affected by the policies of the American State. Before the attack against Marquetalia in 1964, the embassy of the United States was contributing money for the war against the FARC and has always funded Colombian governments so that they can maintain the war against the FARC. And we recall what happened in the dialogues in San Vicente del Caguán with Pastrana. The government of Clinton was the first to oppose the dialogue, and Clinton is the father of Plan Colombia. The world has to know this and we cannot forget it in Colombia because it is part of our history. And what did we see happen with Plan Colombia, a continuation of the strategy of war, not only against Colombians, but against the region. The United States seeks to expand into this region that contains the greatest biodiversity in the world; it's called the lung of the world. There are geo-strategic interests that the United States intends to achieve through crimes, killings, slander and lies.

Q: Why do you think that members of the Democratic Pole have not been massacred to the same extent that members of the Patriotic Union were?

Reyes: I believe that the massacre that the Colombian State perpetrated against the Patriotic Union, the communists, and important revolutionary and union leaders has been costly for Colombia. Above all, I point to the slaughter of the leadership of the Communist Party. At that time there was a large Communist Party with very well developed, very well formed cadres. It would suffice to recall, among others, presidential candidate Jaime Pardo Leal and Manuel Cepeda Vargas, director of the newspaper VOZ and a senator of the republic. They murdered them all. None of them had ever been involved in guerrilla warfare, never. The ones that were guerrillas, the ones the FARC sent to help with the work of the Patriotic Union, I ordered them to come back once the

murders became evident. And they all came, among them Iván Márquez, who today is a member of the Secretariat but at that time, was a representative in the House. The leadership of the Party continued because it was a legal party, but they continued murdering them one by one.

But with the Democratic Pole it is different. The Communist Party is part of the Pole, but it is a reduced Communist Party, a party that maintains the same political line, but has difficulty developing because it is frightened, struck by the orgy of blood that was the genocide against the Patriotic Union. And inside the Pole, there are different sectors. Inside the Pole there is the right, the social democrats and the left—the Colombian Communist Party, the Marxist-Leninist Party and other revolutionary expressions, some Trotskyists, but all too small and without much influence in Colombian political life. The social democrats have the largest presence in the Pole and they are taking advantage by trying to get to the presidency of the republic; to attain important positions inside the government, inside the State. Among these are several demobilized members of the M-19: Navarro, Gustavo Petro and others. Also, there are some who left the Communist Party to join the social democrats and they are proclaimed the "democratic left." These include Lucho Garzón and Angelino Garzón, among others. These people have accepted the establishment, the State, because they calculate, and it's a miscalculation, that they will be able to attract the revolutionary left. But it so happens that the revolutionary left cannot be attracted to the social democrats because we are conscious that social democrats end up favoring the right, the bourgeoisie.

In the fight for the New Colombia, "la patria grande" and socialism, we are indicating that any important change in Colombian life such as the search for a lasting and final peace, a peace without hunger, a peace with social justice, a peace with liberties, a peace with dignity and with respect for our sovereignty should include the FARC and the entire revolutionary left. But these social democratic sectors in the Pole want to sell the idea that they can resolve the country's problems while excluding the left and by doing favors for the right. For that reason we do not see a

great difference between the social democrats and the right headed by Álvaro Uribe Vélez.

Within the Pole, the struggle for the revolutionary left—represented by the communists—against the social democrats is very hard, it is very difficult, because the social democrats have the support of the right. And now they are determining who is going to be the new mayor of Bogotá, the successor to Lucho Garzón. And clearly, nobody in the Democratic Pole wants Bogotá's city hall to return to the hands of the extreme right. But the social democrats, united with the right, want to continue the same programs, the same politics that have been developed under Lucho Garzón and they don't want anything to do with the revolutionary left, they want to try to exclude it. Therefore, Navarro Wolf and Petro proposed, without the consent, or without a consensus among the leadership of the Democratic Pole, the name of Maria Emma Mejía to be the candidate for mayor of Bogotá. Maria Emma Mejía is a Liberal who became close to the Pole, and finally joined the Pole, but she has never been on the left. What we see here is that, with this political maneuver, Navarro and Petro intend to flatter liberalism with the one hand and Uribismo with the other, while at the same time hurting the revolutionary left inside the Pole.

It so happens that the commitment is not to the people, the commitment is to fight for new possibilities to attain positions inside the government. However, within the Pole, some continue to fight to maintain it a little toward the left. They say that if the Pole cannot be maintained toward the left then later they are not going to be able to differentiate between the Liberal Party and the Pole. But it is going to be a very difficult fight.

I believe that for all these reasons, the Colombian State has not used the force, has not had the disposition to commit the assassinations, that it did in the past. But nevertheless, it should be noted that they do continue murdering people, but they are selective murders of the people that truly are on the left. These people are union leaders, peasant leaders and teachers who are engaged in the struggle on behalf of the people. They murder them and as usual nobody is held responsible because it is terrorism by the State.

Q: Why does the FARC continue to use home-made mortars in attacks against police stations when these weapons repeatedly cause civilian casualties?

Reyes: There are two things here. One thing is the utilization of mortars against the public forces, which is the end for which they are used. The FARC does not have heavy armaments, the FARC as you know has still not been recognized as a belligerent force and cannot obtain the armaments that it should possess as an army. So it develops a lot of homemade armaments to use against the public forces: the police, the army, DAS, navy, and air force. Many times those who operate these apparatuses, the mortars or other weapons, commit errors. They aim at the police station but they strike the neighboring house. That has occurred a few times. It's lamentable, of course; there is not a single justification for it. But they are human failings, caused by the nervousness of whoever is launching it. Or it is a failure in the structure of the mortar. This is a failure that has occurred and we are trying to correct it so that these mistakes that affect the population won't happen. But sometimes it is neither of these. For example, there is a battle against a police station and then the air force arrives—airplanes and helicopters—and they shoot and bomb everything including the neighboring houses, the church, all that, and then later they say that the guerrillas were responsible for the destruction.

Q: Some human rights organizations claim that the FARC recruits children, sometimes forcibly. How do you respond to these accusations?

Reyes: I think there is disinformation there, because those who join the FARC are between 15 and 30 years of age that is the norm. Nobody younger than that joins. The FARC never forces anybody to join; it is completely contrary to our safety regulations. Why would I give a weapon to someone that has been forced to join and then tell him he has to be my bodyguard? The guard is going to make me pay right there with that weapon. This is disinformation from these organizations. It never happens. What causes this disinformation? In many cases there are boys and girls that join and then later, for one reason or another, they decide to leave. Life here is very hard, one must be

disciplined. Perhaps they had family that they couldn't see, a son or a daughter, or a boyfriend, or a girlfriend. Or they thought that this struggle would be easy and then they aren't willing to make the sacrifice so they leave. If they are youths, I'm referring to those less than 20 years of age, then in many cases they are going to say that they were forced to join in order to defend themselves against the repression of the police, and also in many cases of their families.

Then there are cases in which there are those who want to fight in the guerrillas but many times their parents do not want them to join because the father wants to have his son at home and the mother wants her daughter there. They do not want them to join. But they persist and join the guerrillas; they flee from their houses and appear at our guard posts. It so happens that they join the FARC voluntarily. But many times when they leave they lie to their fathers and mothers and say that they were forced to join and the fathers and mothers believe them. And later, if the authorities conduct an investigation, the parents say that their son or daughter was forced to join and then that information is collected by Amnesty International or others. But I reiterate, it is not the policy of the FARC to recruit children or to enlist anybody by force.

Q: Why does the FARC use anti-personnel landmines when they cause civilian casualties?

Reyes: The FARC uses mines against the public forces. The mine fields are used against the public forces, never against the civilian population, never. There are cases when a road is suddenly mined and a civilian might not know they are there and through some carelessness of the guards or himself he fails to avoid it. Sadly, those cases have always occurred. But the norm is that one must try and ensure that there are no civilian casualties.

Q: The Uribe government claims that Plan Patriota is succeeding in defeating the FARC and bringing territory under state control. How has Plan Patriota affected the FARC and peasants in the region?

Reyes: I am in charge of analyzing the consequences of Plan Patriota and the ways it has hurt the revolutionary army of

the FARC, as well as the ways it has hurt the civil population, the popular and social organizations, and the unarmed revolutionaries. And we have found that those who have suffered the least are those of us who have taken up arms. While we do not possess the weapons that the State has, much less the aid and the advising that it has received from the United States, but still in the end we are two armed forces, two armies. One army has a lot of power, many men, a lot of technology, air and naval support, and advisors who they say know everything. It has a very clear objective: to liquidate the FARC, to kill or imprison its main leaders, to recover prisoners by force and to force the survivors to sign whatever agreement Uribe wants. That has been, and still is, the objective of Plan Patriota.

But it so happens that it has not achieved its objective, it has failed to get any of the main leaders of the FARC, it has failed to weaken the FARC and it has failed to recover the prisoners of war. On the other hand, however, it has hurt the civil population; by applying the theory that “the friend of my enemy is also my enemy” They have displayed many guerrillas captured in certain regions. However, it so happens that they were not guerrillas, they were people considered to be friends of the guerrillas. I remember one case in Cartagena de Chaira where, according to the press, 80 guerrillas from the 14th Front were captured. But the capture of 80 guerrillas has never occurred, never. But that was the news that was what was fed to the people’s imagination. But it so happens that not one of them was a guerrilla, they were from the population and later they had to free them all because it wasn’t true. However, when they freed them nobody from the army said, “I was mistaken.” One time they said that 200 FARC guerrillas were killed in the Cañon del Duda. It also wasn’t true. But who is going to challenge that?

But truly those who have been affected most are the peasants, the civilian population. Many people have fled, shut their businesses, abandoned their farms because of fear and because in many parts the airplanes drop bombs and shoot their machine guns indiscriminately. And there are others who have been affected, union members and all these sectors, because they say that they are all terrorists, or they are the ones that support the “terrorists”

and so is likewise the enemy. Then they arrest them and imprison them. The people are affected by the current government; it is a fascist, dictatorial government that has used war as a form of governance and lies and slander as a form of pressure and to distort what is really happening.

Plan Patriota is a true failure for the government. Even more, it is not only a failure for the Colombian government but also a failure for the government of the United States, because it is the United States who finances Plan Patriota and the United States who supplies the military advisors for the war against us. Uribe and the Colombian army were convinced that with all that money and with all that advising they would be able to finish off the FARC, but it so happens that they have not achieved their objective. The FARC has not been weakened militarily or politically by Plan Patriota.

But Uribe persists in his objective and has large numbers of troops throughout the Colombian territory. There are many troops in the areas containing all our blocs, all our fronts, our columns, our companies, and those troops are on all sides trying to find us in order to annihilate us; there is constant fighting. Among the troops of the State there have been wounded and dead. They are the ones who are risking their lives, it is not Uribe, it is not the Colombian oligarchy, it is not Mister Bush, it is the Colombian people. They are in the police and the army to earn a salary because often they cannot obtain work anywhere else or are unable to go to university. They are defending the interests of the exploiters of Colombia, the interests of the multinationals, the interests of the empire; they defend those interests at the cost of their own lives.

Q: Plan Colombia is now more than six-years-old and the Bush administration intends to continue it for several more years. How has Plan Colombia affected Colombian peasants?

Reyes: The Colombian government, with the backing of the entire political establishment, eradicates, fumigates plantations. And these fumigations are a great business venture in which they receive millions of US dollars, originating from the American people and delivered by the US government. This money is used for fumigations. Those most affected by

the fumigations are the peasants, because they do not only destroy the coca plantations, they also destroy food products: bananas, yucca, corn, beans, sesame, potatoes, everything. And besides pets, they affect chickens, pigs and the people. There are cases of children affected by the glyphosate, pregnant women that have miscarried, many illnesses caused by the poisoned environment and water, right? And they still haven’t achieved the desired results in the eradication of illicit crops because the peasants develop new forms of counteracting the effects of that poison on their farms. To quickly counteract it, they grow in other places and the business continues. It continues because there are people who buy the drugs, because of the consumption in the developed world. It is an extremely large consumption with prices that favor, not the peasants, but the drug-traffickers and the intermediaries.

The FARC has a presence in every part of Colombia and knows the situation of the peasants very well. It knows that the peasant does not grow coca or poppies in the mountains because he is a drug-trafficker; no, the Colombian peasant is not a drug-trafficker. The Colombian peasant has had to resort to growing these products because of the predatory effects of the neoliberal model. Because it is better business to import corn from the United States or another country, or to bring cattle meat from Argentina, than to produce them in Colombia. Already it is better for business to import coffee from Vietnam than to produce it in Colombia because there are no subsidies. Then the peasant has to find another way to subsist, and so he grows coca.

For that reason the FARC’s proposal, from the dialogues in San Vicente del Caguán, calls for the replacement of coca cultivations, seeking a solution that will put an end to the phenomenon of drug trafficking because the FARC considers it a cancer for society, for humanity, that one must fight. We offered to make the municipality of Cartagena de Chaira a municipal pilot, that is to say, we wanted to show in that municipality that it is possible to fight the phenomenon of the production of the commodities of cocaine. Likewise, we put forth the proposal calling for the legalization of consumption. I believe that this issue badly affects all of us Colombians

and it is not solely the responsibility of Colombians; it is the responsibility of the consuming countries, the responsibility of the bad governments that we have had in Colombia, the responsibility of the poor policies of the International Monetary Fund and of the banking sector, the responsibility of the countries that produce the chemical precursors, that is to say, in short, the responsibility of the misconceptions of the neoliberal model. It has drastically affected Colombia. The neoliberal model has also affected the developed countries, like the Europeans, with many people in the streets begging for charity, children cleaning car windshields, but in underdeveloped countries like Colombia, or other countries in what is called the Third World, it is much worse.

Q: How is it possible to change the neoliberal policies implemented by President Uribe and previous governments in Colombia?

Reyes: For the FARC the only way to change the neoliberal model and the policies of previous governments and of the current one is by taking power. It must begin with the formation of a new democratic, patriotic, diverse government of national reconciliation, which seeks to change the course of the country in a way in which it is truly the people, with their leaders, who build the future. Without this it will be impossible because Colombia has endured 50 years of war during which each of the governments did the same thing, even before the neoliberal model appeared and they applied the prescriptions of the International Monetary Fund and the World Bank. And then the neoliberal model appeared and they became wedded to neoliberal policies. This was before Uribe, it was those who preceded him in the presidency. Then they developed the terrorist state and this has increased the problems.

So we think that to truly achieve change, and the ones demanding this are the majority of the Colombian people, what is needed is to form a completely different government to that of Uribe and the previous governments. That is to say, a government that is committed to deep changes and that opens spaces of democracy in order to be able to build the New Colombia. A new Colombia where

people would not be exploited and, of course, there would be no exploiters. But to achieve this is a task for titans, because Colombia has a mafia class and a corrupt murderous ruler. And as long as they continue controlling the destiny of our country it is going to be very difficult for the people to become controllers of their own destinies. This is the reason that the FARC continues its revolutionary struggle.

We spoke in a previous question about how they assassinated the Patriotic Union and they assassinated the communists, and how this closed spaces for the legal struggle. And we noted that they continue to murder popular leaders and continue to carry out some selective assassinations. We think this validates the revolutionary armed struggle, whose end is not war. The end of the revolutionary struggle being waged by the FARC is peace. For us, peace is the fundamental thing. We understand that peace is the solution to the problems that affect our people. We understand that peace means that in Colombia we have a true democracy. Not a democracy for the capitalists, but a democracy for the people, who can protest, who can participate, who have the right to live, who have the right to healthcare, to education, who have the right to communication, to electricity, to agrarian reforms, to fight corruption, to not have to kneel before foreign powers, but to be a country free, independent and sovereign with respectful relations with all countries on equal terms. Also, that the weapons of the army not be not used against the people, but just for the defense of our sovereignty and nothing more. To achieve that objective is why we are here in this jungle. And in search of that objective we are willing to continue for as long as is necessary.

And our proposal for a “prisoner exchange,” which cannot be modified to the favor of Mister Uribe, is issued with the desire to solve one of the by-products of the conflict. Colombia suffers an armed, social, political, and economic conflict that no government has wanted to resolve. Therefore, we say, the signing of an agreement to liberate prisoners on both sides could also be the door to the beginning of a new dialogue to work towards achieving peace. As I already said, the FARC seeks peace, but not a peace that comes from surrender, nor a peace that

accommodates the leaders of the organization and certain friends, but a peace for the people. It must be a peace that protects the life and the dignity of our population.

Q: What needs to be done in order to achieve a just peace in Colombia and greater equality between the rich and poor?

Reyes: To achieve that objective there needs to be a change in attitude. The ruling class must understand that the best business is peace. That peace is a business and that business requires an investment, because the large amount of wealth that exists in Colombia, which results from the labor of the people, could generate much more wealth if there was peace. But since there is a war by the State against the people, they invest in the war and not for the benefit of the population, therefore Colombians are getting poorer. The gap between the rich and the poor grows and popular discontent grows and so does repression against those who dare to express their discontent through legal means. Often they are murdered, forced into exile, displaced by threats, or their goods are expropriated, then the number of guerrilla's increases and the armed struggle grows. In the case of the FARC, it is a political-military struggle. Uribe Vélez claims that there is no internal conflict in Colombia. That is the first great lie that he tells to Colombia and to the world and according to that great lie there is nothing to resolve here. But there is a confrontation here in which people are constantly being killed, and for which he himself is asking for aid from all sides in exchange for mortgaging the sovereignty and the dignity of the Colombian people. And so one must ask, “If there is no internal conflict then why demand aid?” It is completely contradictory.

The attitude of the ruling class must be to declare, “From now on the best business for us is peace. And as the business for us is peace then we are going to invest in it. We are going to return part of what we have taken from poor Colombians and invest it in peace.” But I do not believe that the ruling class will arrive at such a decision easily because the essence of capitalism is something different: it is to obtain greater profits at the cost of the sacrifice of the

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BUDGET'S NEO-LIBERAL AGENDA & THE LOAN WAIVER HOAX

Suhash

The Budget presented by Mr. Chidambaram for the current fiscal (2008-2009) is a cunning exercise in so-called populism with an eye on elections, while sticking to the neo-liberal 'reforms' agenda. A close look at the budgetary allocations makes it clear that announcements about increases in allocations for various sectors have been made with deliberate opacity and clever tact which in reality deliver nothing to the vast masses of the poor population. While the government's own 'Economic Survey', presented to the parliament one day before the Budget admits that agriculture is in deep depression and manufacturing sector is recording down swing, the Finance Minister boastfully declared that the fiscal deficit came down to 2.5% of the GDP. The Budget is the continuation of the process of implementation of the IMF, World Bank prescriptions of jobless growth, structural reforms and privatization. The Budget aims at developing a highly skilled well-paid middle class in the service sector — Software, BPO, Banking, Media, Airlines, Tourism — and job cuts in the government and semi-government sector. Keeping an eye on the vote banks, the FM announced schemes for many sections, like the dalits, minorities, women, senior citizens etc. with meager allotments of funds, even which, as the past experience shows, will not be spent for those sections but will be diverted to some other heads. Though some increased allocation was made for higher education, most areas in the social sectors, including, primary education, the Integrated Child Development Services (ICDS) and health are given small or no increase in allocations in real terms. More dangerous for the working class is the call for 12 hours work day given by Mr. Chidambaram in his Budget speech, indicating the desire of the ruling classes to take the working class back in to the colonial days, trampling on all the gains they obtained through more than a century of hard fought industrial actions. But, the favorite sections of the government like the super-rich and the corporate sector got much without any fuss or mention. The tax expenditures to the corporate sector have gone up by Rs.39, 000 crore, without even a mention in the Budget speech. While

not changing the structure of corporate taxation is being presented as not giving in to the pressure of the corporate sector for more concessions, it also implies this sector continues to get massive subsidies, which now stand at Rs.2,78,000 crore, benefiting just about 1% of the population. In contrast, the direct subsidies to the poorer sections, who account for 50% of the population, like, on food, employment guarantee scheme and housing will not amount to even Rs. 50, 000 crores. These and other such facts stay hidden in the euphoria being raised all over regarding the announcement made by the FM about farm loan waiver, supposedly valued at Rs. 6, 000 crores.

Farm Loan Waiver- A Sardonic Joke Played on the Distressed Farming Community

The finance Minister announced with much fanfare, a debt waiver scheme to the farmers, amounting to Rs.60,000 crore, as a part of his Budget speech. All agricultural loans disbursed by scheduled commercial banks, regional rural banks and cooperative credit institutions up to March 31, 2007 and over due as on December 31, 2007 will be covered under this proposal. The package has inbuilt exclusions. First of all this applies only to the loans taken from institutions such as banks and it doesn't cover the loans farmers secured from private sources like moneylenders, traders, middle-men etc even though usury accounts for the overwhelming share of farm loans. More than three-fourths of farmers hold private debts, especially small tenants, women farmers, cultivators without clear land titles in their own names, who are already among the most disadvantaged agriculturalists. This section will not gain anything from the waiver. The Radhakrishnan Expert Group, which was set up to examine the problem of farmer's debts, has estimated that in 2003, that non-institutional channels accounted for Rs.48, 000 crores of farmers debt; almost half of this was borrowed at 30% or more per annum. The country has seen the closure on average one rural branch of a scheduled commercial bank every single working day for the last 15 years. In the

same period, bank branches in urban metros doubled, opening at a rate of more than one every day. These figures give the lie to the government's boastful claims of massive increase in rural credit and plan to boost it. There were 4750 rural branches less in 2007 than at the start of the reform period. The trend holds through most of the UPA period. Indeed, 2006 saw the sharpest drop, with 1,503 branches shutting shop. The rapid decline has pushed more farmers towards moneylenders. The share of rural credit as a percentage of total credit disbursed by all SCBs (including Regional Rural Banks) stood at just around 7.93 in March,2007, less than the previous year's 8.39% and much less than the 10% it stood at in 2001. And farmers account only a part of it. 'Rural credit' includes many sectors beyond agriculture. Thus millions of debt burdened small and marginal farmers who had no alternative but to approach private moneylenders, won't get any relief. In this regard even the colonial *raj* was some what better, which went in for loan waivers more than once, addressing private moneylender debt! Any real benefit to the most distressed of the farmers will accrue only when the high-interest private debt is wiped out. For this reason, the Radhakrishna Committee felt that it is necessary to set up a debt redemption fund that can provide loans to farmers to clear these debts. The rulers have no intention to take such a measure that will at least, to some extent provide relief to the most distressed and all that they want is to gain some votes is quite evident. So, the waiver is restricted to credit provided by the formal banking system.

Secondly, the waiver applies to small and marginal farmers. The official definition classifies marginal farmers as those who have 1-2 hectare of land. No distinction has been made in the waiver scheme with regard to irrigated and non- irrigated or monsoon dependent fields. It excludes from full benefits all the farmers on dry land and poor quality land who hold more than two hectares, even though they are among the worst affected by the agrarian crisis. Thus, lakhs and lakhs of the distressed farmers in the most crisis-hit and suicide prone areas of the country like the Vidharbha region in Maharashtra or Rayalaseema and

Telangana of Andhra Pradesh or Bundelkhand in Uttar Pradesh, who are sinking deeper into indebtedness and despair will not get the debt waiver benefit.

Big media hype is on and the Congress party has launched a massive propaganda campaign terming the Budget as 'farmer friendly' and 'aam admi' Budget. During his Budget and post-Budget speeches the Finance Minister did not disclose as to how he has arrived at the figure of 60,000 crore or how he has measured the number of farmers getting relief under this scheme as four crore. The basis of the estimate is far from clear. According to the statistics released by the Reserve Bank of India, the amount of loans issued by various banks to agriculture and allied sectors up to March, 2007 was Rs. 2,30,180 crore. Out of this, the sum of Rs. 1,46,942 crore was the total amount of short and long term loans given exclusively for agricultural activities; and out of this the total amount of loan taken by one crore and 31 lakh small and marginal farmers up to 31st March, 2005 was only Rs. 41,257.76 crore. The total amount of outstanding loans in the cooperative sector was Rs. 15,476 crore as on 2006 March 31. The non performing assets of banks vis a vis agriculture as on 31st March, 2007 was only Rs. 7982 crore. The outstanding loans of cooperative institutions were around 30 thousand crore. So, it is quite clear that the total amount of waiver will be much below the amount announced by the Finance Minister, i.e. Rs. 60,000 crore.

Let us see the trickery related to the loan waiver scheme. Burdened with loans 48 peasants on an average have been committing suicides daily, mainly in the Southern and Western parts of India. The Vidharbha region of Maharashtra and Ananthpur district of Andhra Pradesh are the worst effected areas in this respect. The deliberate omission of the moneylender's debt is just not the only problem. In Vidharbha, the average land holding size is 7.5 acres or 3.03 hectares, way above the two hectare limit for loan waiver. All most half of the farmers of Vidharbha are above this limit, not because they are big landlords. These holdings are un-irrigated, hence less productive. In Ananthapur of Andhra Pradesh too, many farmers will be left out by size or other norms.

For those with over two hectares, there

is the offer of one time settlement of their bank loans. If they repay 75% of the loan they will be given a rebate of 25%. That is, this offer will benefit only the landlords and the rich peasants. If the rest, drowning in debt, could pay 75% of their dues, they wouldn't be committing suicide, they will pay hundred percent.

In the case of farmers falling within the 2 hectare limit, only a small percentage has access to bank credit. So, the gainers in the crisis-hit region of Vidharbha will be a few. Even those few who do benefit will gain much less than farmers say in Western Maharashtra. The average crop loan in sugarcane territory is Rs. 13,000 per acre. In Vidharbha's cotton region, they just get loans of Rs. 4,000 per acre. So, the scale of write off will be far greater to the better off farmers.

The cut-off date of March 31, 2007 works against even the small group of Vidharbha farmers who do benefit. Loans in the cotton region are taken between April and June. In the cane growing region, they are taken between January and March. It means the Vidharbha farmer has one less year of loans waived than the others.

The media is full of hype hailing this scheme and yet crying that this will put a huge burden of Rs. 60,000 crore on the national exchequer. But, the same media is silent about the fact that each year the nationalized banks write off thousands of crores of rupees as bad debt, most part of it being the money owed by small number of big business houses. And theirs is not one time waiver. It is a write off that recurs every year. Between 2000-04 banks wrote off over Rs. 44,000 crores in such a way, one such 'poor' beneficiary was a Ketan Parekh company

And all this is apart from the annual 'giveaway' to corporate India which has been the average in the Budget every single year for over a decade. Then there are the strait handouts. No one knows how many thousands of crores are lost by handing out spectrum to the private telecom operators the way it is being done. Top that up with 'tax holidays', exemptions etc. the total amount which make the 'unprecedented' one time farm loan waiver look like small change.

Some 7.2 million farmers owning less than one hectare have accounts in scheduled commercial banks. And the total

out standing against these is Rs. 20,758 crores. (Reserve Bank of India, Handbook of Statistics on the Indian Economy 2006-07.) That is almost the same amount the nationalized banking sector writes off every year as bad debt, benefiting the big corporate houses in the main. Those farmers holding between one and two hectares hold 5.9 million accounts and owe Rs. 20,758 crores. That is: these 13 million account holders owe less than the Rs. 44,000 crores written off by the banks during previous NDA government favoring the big corporate houses.

Nothing in the Budget will raise incomes. The Budget has nothing to make cultivation a viable activity. There is no Budgetary allocation for various kinds of public intervention such as input provision or price stabilization schemes that would protect farmers from crop price volatility. Pleas for low interest or no interest loans have been ignored. The rulers flatly refused to implement another recommendation of the Radhakrishnan Committee, that is, to set up Price Risk Mitigation Fund to compensate farmers in extreme situations of price collapse due to the volatility of MNCs -rigged global prices, saying that the international experience of price stabilization fund had generally been disappointing (Economic Survey 2007-08). There is no attempt to expand and improve the crop insurance scheme. The total Central Plan spending on agriculture and allied activities is projected to increase by only Rs. 1,530 crore, and the total irrigation spending is actually to fall to a paltry Rs. 414 crore. So, the farmers will continue to be in debt and continue to end their lives.

It is not Karza maafi (loan waiver) but seeking voter maafi (forgiveness)

This loan waiver scheme is nothing but a tactful exercise to regain the trust and in that way the votes of the farmers without offering any tangible benefits.

The 2007-08 Economic Survey presented by the FM to the parliament one day before the Budget accepts that there is a loss of dynamism in agriculture. It goes on to say that "the share of agriculture in the GDP registered a steady decline from 36.4% in 1982-83 to 18.5% in 2006-07. Yet this sector continues to support more than

a billion people providing employment to 52% of the workforce". "The gap between the growth of agriculture sector and non farm sectors has been widening since 1981-82 and more particularly since 1996-97."

"Between 1950-51 and 2006-07, production of food grains increased at an annual rate of 2.5% compared to the population growth rate. The scenario however, changed between 1990 and 2007 when the rate of growth of food-grains production fell to 1.2% which was lower than population growth rate of 1.9%".

"During the period, the per capita consumption of cereals declined from peak 468 grams per day in 1990-91 to 412gm in 2005-06. The consumption of pulses declined from 42 to 33gm.

There has been a considerable decline in the rate of growth of area, production, productivity and the area irrigated for major crops."

"The area under production of food grains over 16 years witnessed an average annual decline of 0.26% during the period from 1989-90 to 2005-06."

"At the same time, there has been a continuous decline in the rate of creation in irrigation potential, adding to the deceleration in farm growth."

After admitting all this, the Survey called for a "second green revolution" particularly in rain fed areas, to rejuvenate the sector and improve the income of those dependent on it. That makes the rulers intention very clear that they want to continue the same World Bank- IMF dictated policies which were the root cause of the devastation of the country's agriculture sector.

The devastation of the agriculture sector started way back in 1991, when Mr. Manmohan Singh as Finance Minister started the attack on the farmers by reducing the fertilizer subsidy. By redefining priority sector lending, the Narasimhan Committee Report on financial liberalisation resulted in farmers and small producers being denied adequate bank credit, thus pushing them increasingly into the hands of moneylenders.

The NDA government, completely submitting to US imperialist pressure, rapidly removed protection to agriculture between 1996- 2001 which resulted in farmers getting exposed to the fury of global price declines. With the removal of quantitative restrictions on the import of farm produce in 1999, there has been a crash in farm product prices. The process of

financial liberalisation has led to a decline in institutional credit for agriculture and to an increase in real rate of interest on farm loans. The decline in rural development expenditure led to a weakening of infrastructural support for agriculture.

Irrespective of the party in power at the center, every Finance Minister went on relentlessly implementing IMF- WB dictated policies of LPG focusing the attack on the vast unorganised sector, including the farmers. And the ruling classes continue to tout the very same policies as solution to the problems they created.

Moreover, the government will certainly claim that the debt waiver needs a lot of resources and use this claim as an excuse for selling public sector equity and generally carrying forward the neo-liberal agenda. The Cabinet's decision to compensate the banks with cash allocation for the loan waiver scheme is part of the design to make their equities more attractive. Manmohan Singh has already talked about the need to privatise public enterprises for financing debt waiver.

The poor, constituting the bulk of the *aam aadmi* are excluded from this Budget, which ironically is presented in their name.

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Continued from page 22

population. For this reason, we are motivated to wage the revolutionary struggle. We are motivated to support actions by the popular masses, protests by the unions, by organizations, and likewise guerrilla actions. And this is what we call "the combination of all forms of struggle," because the FARC is a revolutionary army and it does not only engage in the armed struggle. The FARC is characterized as a political-military organization. Its leadership is a political cell. All of the FARC is a political cell. Therefore, its work involves the formation of guerrillas who are strong both politically and ideologically so that they understand it is a fight for the structural changes that the country requires and not for the benefit of certain people. And so that they understand that this fight requires making sacrifices including leaving one's family to be in the jungle and exposed 24 hours a day to attacks by the enemy. We feel that with this sacrifice we are contributing to the revolutionary struggle of Colombia and other peoples of the world.

Q: What is the FARC's vision for Colombia?

Reyes: When we speak of the New Colombia we are speaking of a Colombia in which there are neither exploiters nor exploited; of a Colombia without social, economic or political inequalities; of a Colombia without corruption; with neither paramilitarism or state terrorism; of a Colombia with industrial development; of a worthy Colombia, independent and sovereign; a Colombia where resources are invested in scientific research and technological development; a Colombia where the environment is protected; a Colombia whose wealth is used for the benefit of the population; a Colombia that does not continue privatizing, that does not continue selling the businesses of the State but instead uses these businesses to benefit social programs; a Colombia with agrarian reform, not an agrarian reform that delivers land to the people and keeps them hungry, but an agrarian reform with technical assistance; an agrarian reform that includes infrastructure for the peasants

and that makes it possible for their children to study; an agrarian reform in which a market and the purchase of their products is guaranteed; an agrarian reform in which they can obtain affordable credits from the State; a Colombia with employment; a Colombia with subsidies for the unemployed; a Colombia that guarantees education, healthcare, homes and all that.

That it is the Colombia that we dream of and that we call the New Colombia, directed by a new State, by a new democratic, patriotic and diverse government, which does not exclude any part of the population. And that everyone that is interested in contributing to that new government can do so, even if he is a businessman. If he is going to pay some taxes and he is not going to exploit the workers and he is going to pay them according to the law, then it is not a problem that he earns profits. As long as he pays taxes and complies with the norms of the law not to exploit the population. Because the large businesses cannot be allowed to earn profits by paying starvation wages and evading taxes.

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US-INDIA NUCLEAR PACT IS NOT MEANT FOR DEVELOPMENT OF OUR MOTHERLAND!

Oppose Naked Betrayal, Surrender Of The UPA-NDA Before US Imperialism!

Brazenly intent on signing the US-India nuclear pact, the 'Left-propped UPA government has now gone aggressive due to the mounting pressure and threats from American imperialism. The US Secretary of State, Condoleezza Rice said in early February 2008 to the House International Relations Committee, "*We will support nothing with India in the NSG that is in contradiction to Hyde Act.*" Nicholas Burns, the Under Secretary of the United States, sent out the warning from Washington Press Centre on 29th February 2008, going a few steps ahead of Rice: "*We are in the vanguard. We are the leading country that will support the Nuclear Suppliers' Group (NSG) in making an international case that no nations should engage in nuclear trade with India. That can not happen without the US, because that NSG, of which we are a leading member....*" Such open and arrogant threats impelled the Indian Foreign Minister, Mr. Pranab Mukherjee, the recent recipient of Bharat Ratna award, to speak like his US bosses, asking all for a 'consensus on nuclear the deal'. With the US forces being battered in Iraq and Afghanistan and trained Islamic militants delivering blows after blows on pro-American forces in Pakistan, US imperialism brooks no delay in legally binding the timid Indian rulers to its apron. Hence the urgency and stirring up of American sycophants in India.

The UPA government and its foreign minister is trying to publicly play down the nuclear deal obligations by presenting a face-saver for the CPM like parties arguing that India is only concerned with the 123 pact, as if the 123 agreement were not in consonance with the Hyde Act. The dirty lie has been already nailed by Condoleezza Rice herself and now on 4th March Richard Boucher, US Assistant Secretary of State has categorically made it clear that "*The Hyde Act is a domestic legislation (and) the 123 agreement is an international agreement.*" And through the nuclear deal "*we can move forward with both in a consistent manner*". Both the CPM-led 'left' parties and the BJP so long harped on the Hyde act issue, pretending as if they were not cognizant of the naked fact that the 123 agreement springs from the Hyde Act and so only the Hyde Act is a matter of concern.

All such suppression of portentous facts is a signature of the in-built stooge character of all parliamentary parties across the board. It was, in fact, the BJP that initiated talks for the nuclear deal and the military alliance with US imperialism during the NDA rule and all the states ruled by this party have been humbly practicing the USA-led globalization programme.

The CPM-led 'Left', is a robust practitioner of the same and its governments in West Bengal, Kerala, etc. have opened the doors wide for American corporate capital, World Bank 'aid' and the marketing culture of US imperialism with uncanny ease and panache. The US bosses must now provide some cosmetics to wear for those political rats as a balancing act so that they can wriggle out of an awkwardly standoffish situation during elections. For so many months the CPM-led Left has been pushed into the Congress woven cocoon and now it has chosen to be resigned to its fate. It now sheepishly says if India accepts the Hyde Act it will go against the conscience of the Parliament. All such whining lament rings hollow and everyone knows that with open and shameless consent of the CPM leaders India started talks with the IAEA during the massacres in Nandigram and by now the fifth or the last round of much hyped safeguards talks with the IAEA in Vienna has been concluded, prior to the sealing of nuclear deal (read bondage) with America.

After the populist budget of 2008-09, the Congress has already started preparing for imminent elections. When the maneuver by the budget game set a segment of the population smacking its lips, the CPM leader Yechury (unofficial adviser of the Congress party), welcomed the move with some demands. The BJP, already on the defensive in the political arena, is digesting the budget tricks. The CPM image and popularity has been badly mauled after the brutal operations in Nandigram and the groundswell of popular protests against its rule in West Bengal has made it nervous. Except the Congress, other parties fear parliamentary elections right now. So it is a foregone conclusion that the US-India nuclear act will be sealed soon. US imperialism knows too well that like the proven pro-imperialist track record of the Congress and the BJP, the so-called Left army

led by the CPM has consistently proved its worth as a bunch of hypocrites satisfied with the right of timid rabble-rousing and anti-imperialist theatrical utterances. They can not stand in their way in any real sense. The US bosses also trust this brand of leftism that can rein in all militant anti-American, anti-imperialist belligerent voices and militant actions, siding with the Indian state.

When some professed intellectuals discover certain aspects of the deal as favourable to India, they simply fail to discern the hard reality of the broad American geopolitical game plan that makes allowances for some inconsequential aspects in the current situation in the region with the formidable presence of China, recalcitrant Iran and the anti-US raging battles in large-parts of Pakistan, Afghanistan, Iraq, etc. gradually cornering US imperialism. Already Russia and France have entered the scene to ensure some nuclear business with India but the US has resorted to some arm-twisting to prevent any nuclear agreements being signed by Russia and France. The Indian rulers have ofcourse buckled under.

With the signing of the nuclear Pact, India will be forced to accept all dictates from Washington to serve the US's politico-military interests. Simultaneously, as a trusted junior partner in the US camp, India will play the role of a subordinate mini boss in South Asia.

The CPI (Maoist) alone has unequivocally declared its firm opposition to the nuclear deal, which will further tighten the US grip over India's neck. The US-India Nuclear Pact will only become possible due to the monumental betrayal of the Indian rulers and because of the absence of an anti-American huge storm of patriotic protest actions on the streets, villages, factories, etc. by all sections of the masses across the country.

No patriotic Indian can tolerate the frequent appearance of huge teams of US business tycoons in India during the past several months to sell nuclear instruments amounting to thousands of crores of Indian rupees. It is a dirty lie that the nuclear deal is an imperative need for India's economic prosperity. The deal will merely act to further cement India's further bondage to the US politically and militarily and will open up a huge market for the US nuclear industry in India.

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THE PEOPLE OF TIBET MUST DETERMINE THEIR OWN FUTURE

To coincide with the anniversary of the so-called 1959 uprising in Tibet demonstrations were initiated in Tibet with synchronized actions in India and all over the world. In Lhasa, protesters attacked Chinese shops, ransacked Chinese property, beat up Chinese civilians and police, and set their vehicles on fire, etc. This was met by strong-arm methods of the Chinese state. As violence spread troops encircled the entire city. The recent upsurge in Tibet has been brutally crushed by the Chinese authorities. It was the biggest revolt of the Tibetan people since the past two decades and was put down by an iron hand by the Chinese authorities resulting in the brutal killing of anything upto 80 Tibetans (official Chinese figure is 16). The demonstrations in Tibet have been accompanied by simultaneous demonstrations all over the world, and particularly in India, to coincide with the huge build up for the Beijing Olympic Games.

As long as China was run by the Communists, they gave Tibet full autonomy and respected its culture and people, while seeking to bring about democratic changes against the slave-like Lama rule. In 1952 the People's Government of China signed 17-Point Agreement on Tibet, abolishing feudal rule, guaranteeing autonomy to Tibet, and also respecting Buddhist religion. In 1959 the feudal elements led by the Dalai Lama and backed by the US and India sought to subvert this transformation through revolts (much like the coloured revolutions stage-managed recently in various countries). When this was crushed the Dalai Lama and about 80,000 followers fled to India and set up a 'Government in Exile' with the help of vast funds from the US and Indian governments.

But ever since the new bourgeoisie seized power in China they have sought the assimilation of the Tibetan people into the majority Han Chinese population. Waves of Chinese people have been settled into Tibet, turning the Tibetans into a minority in their own land.

In 1985, 60,000 workers were settled in Tibet and in 1991 another 3 lakhs. In the province like Qinghai there are 2.5 million Chinese to a mere 8 lakh Tibetans. Today, the man from China who runs Tibet, one Jhang Qingh, has a notorious record of crushing the Uighur nationality. He was earlier the head of the Xinjiang Production and Construction Corps, a para military organization aimed at asserting Beijing's hold over the ethnic Uighar population who have been agitating for autonomy.

While we must fully support the Tibetan's people right to self determination we must strongly condemn the US's meddling the affairs of Tibet, whether directly or through its stooges like the feudal Dalai Lama. During earlier Communist rule, the US used this stooge to instigate the 1959 'uprising' of all the feudal elements. Resisting the socialist changes brought by the Chinese these feudal elements fled the country and set up the so-called government in exile headed by the feudal Dalai Lama with support from the Indian rulers and with massive funds from the US. These elements were used to try and subvert communist rule.

With China turning into a capitalist country in the late 1970s the US and the Dalai Lama somewhat turned down their rhetoric. But the tempo has once again increased due to the growing contention worldwide amongst the imperialist powers for the shrinking markets. With China sweeping the markets all over the world the US, which is in a severe economic crisis, is aggressively pushing to contain this growth. So, since the last year the US has once again been actively promoting this feudal stooge, the Dalai Lama; with the Western countries going out of their way to felicitate him. First it was the German Chancellor, and then it was the very President of the US, with Hollywood stars acting as their drum-beaters. Now in the midst of the Tibetan crisis the US Speaker of the House of Representatives (the third most powerful person in the

US, after the President and vice-president) flew to India and met the Dalai Lama in his headquarters at Dharmasala on March 21, and followed it up that meeting with meetings with the Prime Minister to push the US agenda in Tibet. Also the British Prime Minister stated that he will be meeting the Dalai Lama in May. These protests have come on the eve of the Beijing Olympics which the Chinese bourgeoisie plans as a major marketing enterprise, and US Hollywood stars now calling for a boycott of the Olympics.

India has always been the hotbed of the Tibetan conspiracies, with Dharamsala swarming with hundreds of foreign-funded NGOs. They have promoted the Dalai Lama and pampered the large Tibetan community. Even in the present unrest, an All Party Indian Parliamentary forum on Tibet, involving all parties except the parliamentary 'communists' condemned the Chinese. The Indian media is actively promoting the anti-Chinese view-point, but the government is not taking an overtly aggressive posture as today China is India's largest trading partner (having just surpassed the US), with powerful lobbies tied up in business relations with the Chinese capitalists. The parliamentary communists on the other hand are using the condemnation of the Tibet's rights to self-determination to condemn the movements Nagas, Kashmiris, Manipris, Assamese, etc.

While strongly condemning the brutal suppression by the Chinese authorities and fully supporting the Tibetan people's right to self-determination, the people of India must strongly oppose US/Indian governments' meddling in the affairs of Tibet. The Indian soil should not be allowed to be used by the US for their geo-political games worldwide and in S.E. Asia. The Dalai Lama and other such US puppets should be kicked out of the country and all the special privileges provided to him immediately stopped. The people of Tibet, like that of any other nationality, have the right to determine their own future.

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BEAT BACK SENA BARBARITIES IN MAHARASHTRA!

This is the worst of times for the common Maharashtrians while supposedly the best of times for the harangues bandying crass parochialism, victimizing non-Maharshtrians for the piling-up ills in that state. Raj Thackeray and his party Maharashtra NavaNirman Sena's goons, have gone berserk since 4th February 2008, attacking and uprooting people of Bihar and UP with slogans of provincialism and incendiary provocation which unmistakably recalls the belligerent religio-parochial legacy of Fascist Bal Thackeray. The exodus of thousands of people of Bihar and UP, mostly unskilled workers, working for industrial units and construction companies, drivers, hawkers, etc. for fear of safety from attacks by the MNS rowdies, leaving behind their hard earned small properties and everything is a horrible sign of fear created by extreme parochialism in Maharashtra. Notable is it that the terrorized who continue their trudge in railway stations find no help from the government.

For years now farmers' suicides, crippling power crisis, massive inroads of multi-national and Indian corporate houses there to loot to reap super profits, mounting public indebtedness, privatization of air ports, others state owned organizations and all such problems basically emanating from the march of imperialist globalization are now being calculatedly hushed up by those self-proclaimed protectors of the 'sons of the soil' of Maharashtra.

In the late 1960s, Bal Thackeray came into political reckoning raising such parochialism of hatred laced with Hindu communal poison, particularly targeting the people of south of the Vindhayas. He is now past his hey days with dwindling support base and electoral reverses along with the Shiv Sena ally the BJP. Raj Thackeray, his nephew, has been emulating his notorious uncle for a re-run of the 1969 killings and tirade against non-Maharashtrians. The split in the Shiv Sena and the formation of the MNS on January 6, 2007 over the leadership problem in the context of narrowing down of the support base do not alter the situation. At the launch of the MNS, Raj spoke of farmers' right to electricity, unemployment problem,

women's safety, etc. as a political gimmick. The sole aim and objective of Raj was to give a boost to the flagging Shiv Sena politics of Maratha jingoism which was seen when Raj himself led the Sena gangs to attack North Indian examinees taking the Railway Recruitment Board's exam in 2003. His current salvo against non-Maharashtrians with an eye to the next elections started on full steam with disparaging comments of North Indian mores and norms on 4th Feb. 2008, to fan provincial flames. Loathsome comments were made on the actor Amitab Bachhan settled in Mumbai. Then came attacks by the MNS on North Indian workers, threats to stop *chhat puja* of Bihari settlers, vandalism on a wide scale and killing of a HAL worker. The state sponsored drama of Raj's arrest and immediate release on 13 February led to large-scale violence and burning of a bus, grievously injuring 58 passengers on board in Nasik.

While Raj is determined to steal the thunder from the weakened Shiv Sena, Bal Thackeray now speaks of 'Rashtra Dharma', Shivaji's taking help from the Muslim Pathans against the Mughal, etc. for a wider base beyond Maharashtra while simultaneously presenting the Shiv Sena which "took to the streets of Mumbai in 1992-93 religious riots to protect Hindus" as "protector of Mumbai and its Hindu population." This is nothing but giving himself a pat on the back to prove Shiv Sena's communal plus parochial credentials. Raj Thackeray's politics is no different from this fanaticism, and its present barbarities are simply diversionary tactics that imperialism, MNCs and other enemies of Maharashtra support and provide funds for. The Congress-National Congress Party combine government there has already shown its back on the Srikrishna Commission recommendations and abandoned re-opening criminal cases against the Shiv Sena and its gangs for the 1992-93 riots. This clearly shows that the ruling class parties etc have no qualms in colluding with communalist and rabid parochial forces.

Raj Thackeray says not a word against the US company, Monsanto, that was instrumental in the death of hundreds of farmers of Vidarbha, by pushing the

ineffective Monsanto seed, but waxes eloquent about the jobs of Maharashtrians. His cousin, Uddhav, says workers involved in the 'modernisation' of the Mumbai airport must be Maharashtrians, conveniently forgets that the modernization work has been sold to a South African company. On this both are silent. They are also silent on the fact that this company hires contract labour at a mere Rs.75-100 per day. Are these the 'jobs' the cousins want reserved for Maharashtrians?

The Chief Minister Vilasrao Deshmukh's criminal indifference to the unbridled vandalism and parochial rantings of the MNS followers led by Raj Thackeray is in sharp contrast to the iron-fisted policy of the same government for brutally putting down the Maoists in the state. The ATS Mumbai, the sophisticated police force, well known as a rabid anti-Muslim force, is stationed in Mumbai. Yet the state government allowed the Sena storm troopers a free hand to engineer a divide between the people on provincial lines. This is not surprising as it was the Congress itself that was instrumental in the formation of the Sena in the 1960s; and today it is the same Congress that seeks to utilize the Raj faction to push down the Sena in its electoral battles.

The politics of sinister parochialism that destroy basically the common people and allow the actual looters of the soil to loot the people, resources and nature must be seriously condemned. The cause of the growing unemployment and horrifying crisis of the Maharashtra peasantry is due to the imperialist-dictated policies of the government and ruling classes and not due to the presence of north Indians. Similar is the reason for Biharis to flock to the state, due to the lack of development there. Ofcourse, the Shiv Sena or the MNS only see the poor Biharis as targets and not the moneyed non-Maharashtrians like Ambani, who in fact fund the SS and MNS heavily. The people should not get duped by the antics of the MNS but identify the real enemy, while nurturing tolerance and interactions between different religious and regional communities. Let all the people, irrespective of living in any state, of any religion, etc. come together and resist the Thackeray-like forces in India to stop such criminal acts.

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EUPHORIA AND THE STARK REALITY

Sahail

National Commission for Enterprises in the Unorganised Sector (NCEUS) was formed in 2004 under the chairmanship of Arjun Sen Gupta. In 2007, it brought out a report titled 'Report on conditions of work and promotion of livelihoods in the unorganized sector'. Based on the data from the 61st round of National Sample Survey (2004-'05), the report discusses the condition of approximately 92 percent of India's workforce. Based on this report, we will discuss the condition of so called 'self-employed' workers and the women workers who come under the category of informal workers. An informal worker essentially refers to those who do not have any work security, employment security or social security.

There was much applause for the Union Finance Minister, P. Chidambaram, when he presented the Union budget for 2008-09, the fifth and the final budget of the UPA government before the next general elections. In particular, there was a lot of noise about the complete waiver of all farm loans amounting to some 60,000 crores of rupees. Apart from this being an electoral gimmick, this one time relief ignores the root cause of agrarian crisis, nor does it ensure that future indebtedness will not occur. Also it does not address nearly half the farmers who have taken loans from the moneylenders. Similarly, it ignores the vast majority of Indian workers who come under the category of unorganized or informal workers. The universe of such workers constitutes nearly 92 percent of our workforce. According to the NCEUS report, these workers virtually overlap with 77 percent of India's population, whose per capita daily consumption is less than twenty rupees!

Today, whatever employment is being generated is mostly of the informal nature. The informal workers are those who either work in the unorganized enterprises or houses and those in the formal sector but without any employment and social security benefits provided by the employers. There has been some increase in the rate of growth of employment from 1999-2000 to 2004-05 (as compared to 1999-2000 to 1993-94) but the additional employment has been entirely informal. What this means is that the entire increase in employment generated by the growing economy has been without any job or social security.

The agricultural sector consists of almost entirely the unorganized workers. Even in the non-agricultural sector, nearly 72 percent of the workers are in the unorganized sector and their proportion has been increasing over the years. The workers are either self-employed or work

for wages but the work is not regular and the wages are extremely low. The informal workers are untouched by the increasing euphoria of a rapidly growing economy. Their conditions of work are utterly deplorable and opportunities to earn a livelihood few and far between. The stark reality of their lives stands in sharp contrast to the dizzying rates of growth of the economy.

Self-employed workers

Even outside the agricultural sector, Indian economy is dominated by what is called the 'self-employed'. More than half of the workers (56.5 percent) are self-employed. Amongst them, most are those who work on their own, using their labour power and working for long hours to eke out a living. Then there are those who are categorised as 'unpaid family worker' i.e. they contribute to the family income but do not get an independent remuneration. The last category amongst the self-employed, work as 'employers' i.e. they hire at least one wage worker but less than ten total workers. All those who work out of their homes are also included amongst the self-employed. Self-employment is predominant in activities like food processing, handloom weaving, street vendors and rickshaw-pullers.

A vast majority of these workers have very few assets and their annual incomes are lower than even a notional minimum calculated by the NCEUS. Nearly two-fifths of the enterprises run by the self-employed have average value of fixed assets less than Rs. 5000. Rural enterprises are even smaller. NCEUS has estimated an annual notional floor level minimum income of Rs. 13,523 (Rs. 37 per day) required to sustain. In the unorganized non-agricultural sector, more than half (57 %) of the enterprises in the rural areas and almost one-third (30 %) in the urban areas provided incomes per worker lower than even this minimum! Incidentally, this minimum is a far cry from

life with dignity.

As most of the enterprises run by the self-employed are extremely small in size, they are in no situation to compete with larger, organized enterprises. Their ability to access credit is also severely limited as most of them are unregistered. Nearly 64 percent of these enterprises (own account enterprises) reported stagnation. And this only includes those which came under the NCEUS purview.

For many of the self-employed workers, their home doubles up as the work place. Thus they often become invisible and in the case of women workers, working from home adds to the already existing burden of housework. This is nothing but the putting-out system, under which, the home workers often have to purchase, repair, and maintain their own tools or machines, bear the cost of some inputs (e.g. The garment workers often have to buy their own thread), bear the transportation costs and infrastructure costs. The multinational manufacturing or retail giants often 'put-out' the labour-intensive work to such home based workers and thus save on variety of costs and increase the margins of profits and exploitation. Among the nearly 22 million manufacturing sector workers, about 32 percent are home based workers. The proportion is much higher amongst the women manufacturing workers and nearly half are home workers. In some cases they can be completely independent and are in a 'business arrangement' where production is contracted out without providing raw-materials. However, a very large majority of these workers (70 %) are in the most dependent of relationships where raw material is provided by the owner and the labourer getting inhuman rates. Mostly it not even sufficient to survive.

The plight of these workers can be better understood with some illustrations:

Handloom weavers: Handloom weaving of cloth is still the main source of livelihood for over 2.5 million families

(1995-96 census) in the country. This occupation is the lowest in the hierarchy of technologies of textile manufacturing. The artisan community dependent on this is by and large poor. Over the last decade the weavers have become highly dependent on traders and co-operative societies for meeting their raw material demand and marketing their products, who very often exploit them. There are no provisions to access loans from the banks leading to indebtedness. With the initiation of reforms, their situation worsened as the State gradually withdrew support, the number of items reserved for the handloom sector was curtailed and special schemes for the production and procurement of cheaper cloth was dissolved in 1996. Tax concessions were also withdrawn and with the focus on exports, cotton and yarn found a place in the export market leading to higher input costs for the handloom sector. The reforms of 1985 and 1996 led to a crisis of survival of the handloom workers and their families. The advent of power looms accelerated the process of decline for the handloom weavers.

In Uttar Pradesh, the average annual income received per weaver was merely Rs. 26000-35000 i.e. between two to three thousand per month. The situation in Bihar was worse.

Approximately 63 percent of the workers live below the official poverty line estimates. The deteriorating situation led to suicides in Tamil Nadu and Andhra Pradesh especially by the unorganized workers. The better organized handloom workers in many parts of Tamil Nadu organized large protests.

Street Vendors: This is perhaps one of the most visible forms of self-employment in the urban areas. In most parts of the country, scheduled castes and other backward castes dominate the trade. However vendors and hawkers are considered an eyesore by the government as well as the urban elite. The daily life of the vendors is an endless story of harassment by the traffic police and the Municipal Corporation, under whose purview they come. Under the Left Front rule of the CPI (M), in Calcutta, Municipal Act prevents any type of street vending and the punishment is rigorous imprisonment for up to three months or a fine of Rs. 250. In February 2007, Supreme Court gave a verdict which bans cooking

on the streets of Delhi and the sale of electronic goods by the hawkers. Now a government license will have to be procured for squatting and hawking-after paying an application fee of Rs.1000 in order to apply for the same. Even then, the allotment of space would be temporary. The story is the same for other cities such as Mumbai, Bangalore, Patna, Bhubaneshwar or Ahmedabad. It is indeed ironical that 'license free raj' is what is being created for the big conglomerates and industrial houses while the poor people have to take 'permission' to even eke out a living!

Rickshaw Pullers: This is perhaps one of the most neglected sections of what is euphemistically termed the self employed workers. They are generally migrants driven out of their villages due to abject poverty or lack of employment. Apart from the fact that the work is literally back breaking, they are not even considered a part of the transport system. Their earnings are meager in most cities and a large part of it is used up for paying the rickshaws' hiring charges. The living conditions are deplorable and there is absolutely no security of work or social security.

Home workers and women workers

A large number of activities in the unorganized sector are carried out from the homes of the workers. These include handlooms, *beedi* making, *agarbati* making, sticking *bindis* etc. In other industries like garments, a large part of the production is outsourced to these workers. A large part of unorganized women workers and children are involved in this kind of work. These workers are less likely to be organized and hence have very little bargaining power vis-à-vis their employers. There is evidence to show that ban on child labour in hazardous industries has simply resulted in shifting of the work from industrial sheds to homes.

Home workers are the last link in the long chain of imperialist exploitation. For example, in the garment industry, at the upper extreme are the multinational giants such as GAP or Wal-Mart. They operate through large export houses that contract out the orders to the contractors who in turn may sub-contract it to the sub-contractors. They in turn may get the actual work done by the home based workers. The

homeworker becomes practically invisible and has virtually no bargaining power. A study has found that for a commodity that costs Rs. 100 to a consumer, homeworkers received Rs. 15 in *zardoshi*; Rs. 17 in *beedi*, and Rs. 2.3 in *agarbatti*!

These workers earn very little, are paid on piece rate, at very low rates, and are often dependent on the middlemen for work and wages. According to NCEUS estimates (based on 1999-2000 NSS data), the women homeworkers received incomes that were close to Rs. 27 a day or way below any acceptable norm. Even this was true only for the peak season. In the lean season, daily incomes could be as low as Rs. 6 a day or nothing at all since there is no guarantee of work. This miserable remuneration is also delayed or deferred and it is very common for the middlemen to withhold partial payment and even deduct wages for 'rejection'. For example, in *beedi* making, two methods are often used to reduce wages, one, while supplying the leaves and tobacco to make 1000 *beedis*, sufficient amount is not provided so that the workers have to purchase the extra amount themselves. A second method of exploitation is to demand 110 *beedis* instead of 100 and then reject 10 *beedis* on the pretext that they are not of the specified size. Apart from all these, what is often not taken into account is that the work is being done inside the home of the worker, thus saving the contractors and the retailers, the overhead costs of production. Thus this kind of employment actually helps to inflate the profit margins of the retail giants even further.

A vast majority of home workers are women. Amongst the unorganized sector women workers, more than half (54%) work out of their homes. This is taking rural and urban areas together. This proportion has been increasing significantly since 2000. In a society reeling under patriarchal oppression, women workers already bear the burden of working outside and looking after the household chores. In the case of home workers, it tends to become worse in the sense that their contribution is practically unnoticed. Home based production work is regarded as an extension of housework and usually they do not have any right of keeping the remuneration. They are often paid much lesser than their

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INTELLECTUAL RESPONSE TO THE NANDIGRAM MOVEMENT

Sathi

[*On the occasion of the first anniversary of Nandigram Massacre, we publish below a report on the part played by democratic and revolutionary intellectuals in support of the great struggle of the people of Nandigram.*]

The Nandigram struggle has truly emerged as one of the landmarks in the long history of democratic struggles in West Bengal. What started as an opposition movement directed against the state drive for land acquisition for the setting up of a Special Economic Zone for the Indonesian upstart capitalist Salem, i.e. imperialist capital, turned into a mass resistance movement of both an armed and unarmed nature. This anti-SEZ struggle, by its very nature, became part and parcel of the anti-imperialist struggles that had been spreading to many parts of our country. The Nandigram struggle began as a spontaneous movement relying solely on the creativity of the masses and was joined at a later date by Communist revolutionaries who fought, as they made it clear in the press release dated 15-11-07, 'by the side of the people as a Communist duty'. No doubt, the people of Nandigram learnt from the experience of 'defeat' in Singur and prepared themselves for the impending battle with the WB-government-backed state machinery and the CPM goons with arms in hand, depending primarily on their own strength.

The people's resistance in Nandigram seemed to have turned everything upside down. The intellectuals of Bengal had for a long time remained more or less mute spectators to the anti-people policies and repression pursued by the WB-government, except partially during the period of the arrest and torture in police custody of Prof. Kaushik Ganguli and others and the unnatural death of Abhijit Sinha who was traumatized by the police after his arrest. Singur and Nandigram shook them up from their slumber and motivated them to take to the streets.

Intellectuals, teachers, youth and students, artists, theatre personalities, poets, singers and many other people organized demonstrations and demanded the resignation and the hanging of 'Butcher Buddha'. Many well-known theatre artists and intellectuals such as Bibhas Chakraborty, Bratya Basu, Koushik Sen, Monoj Mitra resigned from the Natya Academy. Nabarun Bhattacharya returned the Rabindra prize to the West Bengal

government and declared that he would donate the money to the Nandigram relief fund. Well-known historians Sumit Sarkar and Tonika Sarkar also returned the Rabindra prize and donated the money to the people of Nandigram. Kabir Suman, through his public speeches and regular programmes on the TV channels assailed the WB government and its chief minister. An Artists' and Intellectuals' Forum has also been formed with such eminent people as Tarun Sanyal, Aparna Sen, Saonli Mitra and others. The Teachers and Scientists Against Mal-development (TASAM)—a forum of teachers and scientists—organised processions and many individual teachers, doctors, little magazines and others contributed in their own ways to this battle against the SEZ and land acquisition. Students of Jadavpur University, Presidency College, Scottish Church College, Ashutosh College, Bangabasi College and many other institutions under the banner of such forums as Chhatra Chhatri Sanhati Mancha, Forum for Arts Students, Independent Consolidation—many of which later formed the USDF (United Students' Democratic Front)—organised demonstrations in their campuses, took to the streets, marched through the streets shouting slogans against government-backed CPM barbarity in Nandigram and even formed street barricades along with teachers.

During the period from January to October 2007, they visited Nandigram many a time with relief materials. Doctors went to treat the patients, civil rights bodies, members of the women's associations, teachers and scientists, artists, intellectuals, media persons and others went there to extend their solidarity to the heroic struggles of the people. When during the last phase of the present struggle from early November, the whole area was completely sealed off and encircled by the police and para-military forces and the armed CPM hoodlums, intellectuals from all walks of life made attempts to enter the area but were attacked and prevented by the CPM hoodlums flaunting CITU and other banners. The bloodbath of 5-11 November was definitely

more gruesome than that of 14 March with hundreds of people butchered, raped and wounded. In protest, on November 9, a press conference was called by the Artists' and Intellectuals' Forum where they called on the people from all walks of life to join a mass procession to be held on 14th. The procession of 14th November was one of the largest ever to take place for a long time in West Bengal. The total number cannot be counted. This much can be said that when the front part of the procession reached the destination, i.e. Esplanade at 2.30 PM after starting at 1.15 Pm from College Square, Kolkata, the tail could not move an inch. The number could well be around 1 lakh, if not more. On the way, many by-standers joined it and, though there was total dislocation of transport, nobody made any complaint. Among those who joined were those who had never joined any procession earlier, but who joined because there was a genuine feeling that CPM-led barbarity must be opposed at all costs. Many film personalities boycotted the international film festival organized by the state government. Street corner meetings had been organized by civil rights bodies like the APDR, Bandi Mukti Committee, Sanhati Udyog (a conglomeration of many associations such as Gana Protirodh Manch, NAPM etc.), women's organizations, student organizations such as USDF, Saha Nagarik Manch and others. The lawyers of the Kolkata High Court boycotted court in protest against the delay in passing a judgement on the events of 14th March. Intellectuals have formed a new platform known as 'Swajan' (kith and kin) which, as they declared, would fight for the establishment of democratic rights. Two important conventions were held, one by the TASAM and the other jointly by the Sanhati Udyog, SEZ-birodhi Prochar Udyog, Nandigram Ganahatya-birodhi Prochar Udyog on this issue. A permanent *manch* (forum) has been set up in the Esplanade area where everyday people assemble in large numbers to listen to the speeches of a wide range of speakers speaking on such varied subjects as

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police. How not to keep quiet in the face of such atrocities; how to revolt; how can the classes perpetuating such brutalities and the army which is safeguarding them be defeated...this was the ending of the story given by that writer.

Another comrade wrote a story titled "Weeds". It was about how the enemy was building the informer network, the damage being done by the informers to our party, people and the movement, how alert the people should be, and how to face all this. If you want a good harvest the weeds have to be weeded. Unless you weed them it is impossible for the plants to grow. We all know these things. But inside the movement, as part of our class there are weeds right in the middle of us. The story explains how the informers who are helping the enemy have to be isolated and smashed just like we pull out the weeds. Our comrades of Eastern Ghats have written dozens of such stories and poems and hundreds of songs. But the history from that period is very long. So I will mainly confine myself to the period after 2001 when we started working with the higher aim of establishing a base area in the Andhra Orissa Border (AOB) Zone as per the decision of the 9th Congress [of the erstwhile PW], and will talk about the literature produced and the people's arts of this period.

Before our comrades started writing, a book was published titled "The Manyam⁴ Struggles reaching for the Sky" before 1988. It was about the developing class struggle there. After that we were unable to record the history since then on. This is a very serious weakness. When we talk of literature there are many writings by comrades who are sitting here who have a lively relation with the movement in the East and have written about it. There are also writings by comrades who are familiar with the movement or by comrades who have been associated with the movement there for a brief period. They have written on things which moved them. But there is weakness from our side in recording all of them in various forms. Only by overcoming this weakness we can do justice to History. Especially there are weaknesses in taking up the task of creative writing according to the needs of the new tasks after the Congress. The limitations are many. But I will try to tell you what had been done.

Just a few days before our Congress, the PGA⁵ was formed. We formed it on the first death anniversary of our three martyr CC Comrades⁶. A people's army was formed on the soil of India which would fight for the people. We even took up a campaign with the call that people should join it in thousands and lakhs. Our comrades wrote some songs on this occasion. They staged some plays too. The plays staged on the anniversary of the PGA on December 2nd were also similar. They inspired young men and women in a big way. Because they were till then seeing only one kind of army – the army of the exploiters. Not that they have not seen us in the form of squads. They saw the squads and were elated too. But when the plays staged on these occasions depicted the fact that we too are growing into an army and it will become the red army inspired people tremendously. How could we also transform ourselves into an army? How to build the army in each village by arming ourselves? How the army in a particular area should be? How to build an army which fights for all of our oppressed people? Our comrades mainly prepared two skits on these questions and staged them on this occasion. They depicted the march of the PGA in the villages and showed how this army would defend the victories won by the people in villages after struggles. They showed how it would wage a war for political power. They certainly created a wonderful impact on the youth. Our army wages a war against the exploiting classes. But it is not sufficient if only this army wages the war. Because we are never telling that this is a war waged only by the army. It is a People's War. People have to become a part and parcel of it in umpteen number of ways. Coming back to the skit written and staged by our comrades, there is a pocket (area) called Aviri in Srikakulam Division. This skit was staged before 1500 people in that division in a meeting. It shows that the people should not keep waiting, thinking that only the squad would fight the police. It told them how to revolt when the police raid their villages and commit atrocities or when they arrest the *sangam* leaders or when they insult women. It showed the role of people's militia in a people's army and the role of people in a people's war. Three months after the skit was performed, police raided the same Aviri village. Forty policemen came early in the morning,

raided the village and caught hold of our *sangam* leader. There are many villages in the vicinity. There are about 4 to 5 hamlets there. Nearly 450 people from those hamlets gathered immediately and stopped the police from taking away their leader. In that melee some of the policemen were injured. Some people were also injured. But our people did not leave them until the leader was freed. The police tried to drag him away. The people chased them. The road there led to a *mandal*⁷ centre. People picked up stones on that road and attacked the police till about a distance of one kilometer. Finally the police had to flee by firing their guns, leaving the *sangam* leader behind. Later, the villagers told our cultural wing, "you know when you staged that play we thought on that day itself that we should not keep quiet when the enemy dares to enter the village. We will not keep quiet if any of us are caught. The thought of resisting them came to us on the day of the play."

So all the literature we produce, all the art forms we stage should help to raise the consciousness of the people, inspire the people. We wish for such creativity, to rouse the class hatred among the people and make them a part of the class war.

The Play is the best form of literature. This is a higher form of literature. We can express many of our feelings (concepts) and show many things which we wish to convey through this form. We can make the people understand more things even through individual performances. That is why, it is very essential that we take these art forms of plays and skits among the people extensively. We can understand their importance when we see some of the plays staged by the comrades working in the literary and cultural fields after realizing this. It is very necessary that we write plays and skits to raise the consciousness of the people according to our tasks and to propagate them extensively. But still there are weaknesses in doing this. Going into each and every incident is also not possible here due to time constraints.

One of our comrades recently wrote a story titled "Red power established in the Eastern Ghats". A RPC⁸ was formed in a pocket. The RPC is an organ of people's power. An organization of people's power. How to safeguard it from the various enemy classes? The subject of the story is to raise

A Warier In the Cultural Field Too

Readers are familiar with the life history of the legendary leader of the CPI (Maoist) -Martyr Comrade Vadkapur Chandramouli, popularly known as BK (Balakrishna) among the cadres. Here I am trying to focus on the little known aspect of this great leader of the masses – his literary talents and his enormous interest in developing revolutionary literature and culture. As comrade Mao has said Com. BK believed that all art and literature should be for the masses and that they should serve the revolution.

After he was shifted to the Eastern *Ghats* from Karimnagar district, he got the news that comrade Sayini Prabhakar, the secretary of the Karimnagar district party committee, who guided him in the beginning days of his revolutionary career was martyred. He was very upset and cried too. Later he wrote a song on him. That was the first piece he wrote and since then he had written many poems, songs, stories, satire etc on a variety of subjects with the common thread of serving the people and the revolution. Just as he stressed on the widest possible involvement of the masses in the People's War, in his literature too his emphasis was on the people and their problems and the solutions revolution could offer to them. Many were his poems and songs on martyrs including one on Com. Mahesh (CCM). He became a prolific and popular writer, writing under many pen-names as Toorpu, Manyam and Vanavasi etc. His writings were published in *Turpu Kanuma*, *Jhankar* and *Poru Mahila* (the literary – cultural magazine of AOB, the literary – cultural magazine of DK and the Telugu edition of the DK *Adivasi* Women's Organisation's magazine, respectively) though very few knew that this writer was none other than comrade BK. He always felt that we are not recording our history sufficiently either in literary form or as such. He always urged comrades who could write to do so and he himself wrote prolifically, though hard pressed for time because of his organizational and military responsibilities. He wrote on the history of the Eastern *Ghats* movement (1980-2005) and this was published in 2005 which remains as a very valuable contribution to the history of the revolutionary movement in India. He was always known for encouraging women comrades especially in the military field and his article on the participation of women comrades in the Koraput raid bears testimony to this. The song and poem he wrote on martyr Kadari Ramulu who was martyred in October 2006 were his last literary contributions.

The one outstanding quality which anybody who has met Com. BK even once would notice is his humility in spite of his spectacular achievements in every field he touched. Another quality we comrades who were close enough to discuss his literary talents have observed is his shyness to discuss about it. (His handwriting had almost become illegible after he was effected by the spondilitis problem and so he had to take help of some of us who could 'read' it to 'fair copy' his writings. And, by the way, that was how we came to know he wrote 'those' pieces, otherwise he did not by himself disclose it so easily). One of the reasons was he always thought he should have written better and felt inadequate and he was forever eager to learn and improve. But we on our side used to be amazed how he could write so fast and so well given his busy schedule.

The volume of his writings will be enough to fill a book. Midko¹¹ wrote how he found time to write a song and poem on Kadari Ramulu even while they had to shift the venue of the AOB Zonal conference (meaning traveling a lot too) amidst heavy combing not to mention the mental burden of reviewing the movement and solving its problems theoretically. He used to feel very shy to sing though he had a melodious voice and many times we used to see his flushed face after singing before an almost 'private' audience, a boyish smile adorning it. The way Com. BK preserved these child-like qualities in him and his humility in spite of being such a legendary leader had never ceased endearing him to all of us.

Com. BK was terribly moved when an *adivasi* peasant was burnt alive when the police burnt their houses and wrote a story on the police brutalities. DSP Potha Reddy had led that attack. Later Com. BK was the one who had planned the annihilation of this murderer. Com. Aman¹² wrote, "*It is not coincidental that Com. BK who had written on the brutal murder of adivasi the peasant should also be the one who had drawn the military plan for the annihilation of Potha Reddy who perpetuated that brutality*". These two aspects have always been inseparable and had continued together throughout his revolutionary life till the end.

He was a motive force behind the literary and cultural magazine "*Turpu Kanuma*" (Eastern Ghats) of AOB. Many were his valuable but unrecorded contributions to the development of the cultural movement in AOB and AP which include valuable suggestions on form, content and on choosing subjects, giving direction, etc.

Com. BK mingled excellently with the cadres and he always used his closeness with them to inspire them to bring their literary/cultural talents to the fore too. Not least was the way he tried to take the experiences of one area to another area in all fields including the literary and cultural fields to the cadres using his keen observations from his extensive travel to all struggle zones. The cadres loved him immensely for this. The above transcribed speech is just one more example of this sharing.

— Nallakka

the consciousness in this matter. We are building the people's militia in the areas. The people's militia squad in that pocket and the women's organization leader conducted an ambush together. How did they do it? They took the two mines and wires given by the squad a few days earlier

and went to work in the fields. An old woman came from the weekly market and told her grandson who is ploughing the field that the "*police are coming this way*" and that they should be careful and keep singing songs. He immediately took the flash (used as the igniter for detonating explosive devises by the people's forces)

and took the women's organization leader who happens to be his sister by blood relation also along with him. They sat in ambush and blasted the mine when the police arrived. One SSF constable was killed and another was injured. The story is on this incident. This explains how the people

are daring to safeguard their political power and how they are confronting the police. It says that people are our real bastions and ends with the note that they will ultimately establish their political power once they become determined.

The government is trying to get the comrades working in the *sangams* and squads to surrender by taking up programmes under various garbs. The police started a program named 'counseling'. Our comrades gave interviews to the press opposing it. The division committee sent a letter to the cadres in the squads to defeat the enemy tactics just as they were exposing it among the people. Later some 10 to 15 comrades were brought together and an interview with the press persons was arranged. In that same year, a play was enacted before the press persons. The play's purpose was to show how determined the cadres participating in people's war were and how various enemy policies like counseling will have to be defeated and how they would defeat it. Many journalists wrote in the papers about it and it had a very good impact. We have taken up the anti-patriarchy campaign. During this campaign also a play of forty minutes was written on how patriarchy was oppressing the women and a video was shot too. What were the problems faced by women in the primitive society, slavery, feudalism and capitalism.. . how it gets reflected in the four stages – all of that was staged with appropriate costumes and was shot on a video. When meetings were conducted as part of the campaign, this was also shown in the villages. This had a great impact on the people. Especially the women organization members talked on many occasions giving a glimpse of their individuality. In that instance also they talked. So when the party takes up a task and when we go to implement it, arts and literature play an important role for its realisation. Through them we take the tasks into the people, raise their consciousness and organize them, develop them in fulfilling the strategic tasks. Art and literature is an important tool for this. In various instances we have to realize their prominence and utilize them accordingly.

We carried out the Koraput raid. The ruling classes were very much alarmed by it. As much as it had terrified them it had inspired the people. There is a higher

official called M.K.Narayanan. He wrote a book saying "*Koraput is a black day in Indian history*". He meant that such things should not be repeated. Because as we know, it may be for 6 hours in one place, 12 hours in another or 48 hours of our whole retreat that whole place became void of enemy's power, his strength was completely dissipated. To that extent it was the upper hand of our military forces. It was there for at least a few hours. A woman comrade wrote a story on this aspect. It was written beautifully giving a message that red power should be built up in villages and also in the district headquarters. Three stories were written on this raid. A comrade from the cultural front wrote a song also on the raid. The Kuvi (adivasi) people have an art form which is performed during marriages. They sit on two raised platforms, the groom's people on one and the bride's people on the other. They sing songs asking questions (like an argument). So this comrade wrote a song using local tunes in this form on the Koraput raid. When it was taken to the people they hugged it with enthusiasm. In this manner our comrades have written many songs, stories and poems. When songs were recorded according to the occasion and taken to the people as part of propaganda work, as a campaign we found that the people owned them up. So we can say we had succeeded to some extent in this. But on the whole when we see, there are some lacunas in producing literature, where we address the limitations in involving more people in our movement. We are still lacking in developing art forms. By realizing these shortcomings we can develop the literary and cultural movements in a better manner.

Our comrades are writing songs. In those, songs on martyrs form the main bulk. They are necessary. We have to definitely write about why they had given their lives and what their aims and dreams were. We have to propagate them. But even in those songs we have to explain about our aims, the aims they had fought for. More important for us than the details about where they were born, their academic qualifications and how they were brought up, is for whom they had worked, for whom they laid down their lives, for whom they sacrificed their everything. Even while describing their lives we have to give importance to this aspect in the songs on

martyrs. There is a need to write on a large scale on these aspects. Apart from this, umpteen number of people's issues are coming up. Some are slipping away even before we could take them up. We are failing to build up movements on them. Similarly since we want to revolutionarily deal with people's problems we have to take note of each and every problem of the people and try to solve them. We still have many shortcomings in doing this. So while writing songs we have to develop our comrades to do this task. How to revolutionize the people on their problems, how to develop the people's struggles into militant people's movements instead of limiting them to rallies, how to make the people part of the class war...we are still lagging behind in writing songs on these aspects. We have to appreciate the efforts made by comrades to write songs. At the same time we have to realize the aspects we are not writing, we are not able to cover and try to overcome that shortcoming. This shortcoming is present more in the matter of songs.

Language is part of our culture. When there were discussions even in our party and army that one language is superior and another is not or by taking into consideration such discussions among the people, our comrades wrote a song in local tune with the purpose of propagating it on the '*Bhasha Diwas*'. (Language Day). There are many *adivasi* tribes in the Eastern Ghats. Each tribe has its own language. So each tribe thinks its language is superior. So the song describes how they have a right to their language, how they respect their languages, how to sustain (safeguard) the expressions of their language etc. This had a stupendous impact. People should not think Telugu language is superior, *Kuvi* is inferior or that some language is superior and another inferior. They should not look down on any language. The song explained how we should respect all the languages of the people. It had a great impact.

So, on the whole we have to see that song is a very powerful art form. You know what our JNM⁹ comrades say regarding songs. They say it charges into the people like a bullet fired. It is true. So song writing has to be developed more in the manner we are aspiring now. Art and literature have to develop according to the needs of the revolution. Otherwise, to that extent the

revolutionary movement will continue with that shortcoming or lacuna. In the development of the Dandakaranya movement literary experiences or the development of the cultural movement here you have developed yourself a lot and involved people on a widescale. The CNM¹⁰ has been developed into a mass organization and you are involving the masses in it. This is very important. It is very much necessary to take these experiences to the Eastern *Ghats*. Recently a workshop was also conducted in Dandakaranya summarizing the efforts to produce literature and the development in the cultural front in this movement. Recently they had placed before us the good experiences they got in the workshop conducted on the concerned issues in the North Sub-Zone (of DK). So when a movement learns from the developed or developing things of another movement we can progress many times more. So I wish to take as a message to the Eastern *Ghats*, whatever I have learnt and realized from

the Dandakaranya movement about the development of the cultural movement and the development of literature with the aim of establishing base areas. So I am talking with the realization that the significance of learning things from here than speaking on our experiences there is important and I take leave from you with this end note.

Red Salutes to all of you

BK

NOTES:

1. Dandakaranya Special Zone
2. Peasant mass organization
3. Martyr of Srikakulam movement who wielded pen and gun with equal dexterity and was a cultural artiste too.
4. Eastern Ghats movement Agency area.
5. People's Guerilla Army – the name of the army formed by CPI (ML) (People's War) before its merger with MCCI into CPI (Maoist).
6. Comrades Shyam, Mahesh and Murali were killed in a fake encounter on

December 2, 1999.

7. A district is divided into *mandals* for administrative purposes

8. Revolutionary People's Committee
9. *Jana Natya Mandali* – the Revolutionary Cultural Organization of AP and AOB

10. *Chetana Natya Manch* – the Revolutionary Cultural Organization of Dandakaranya

11. An underground woman writer. She wrote her reminiscences about Com. BK related to his literary and cultural talents in the October 2007 issue of *Jhankar*. Com. Varavara Rao in *Aruna Tara* (organ of Revolutionary Writers' Association) also wrote about Com. BK's literary and cultural talents describing him as the motive force behind *Turpu Kanuma*.

12. Com. Aman, another underground writer, in the same issue. He described BK in one word as a person of multi-faceted talents.

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SEIZURE OF ARMS AT NAYAGARH

On Feb. 15th a reported 500 Maoists laid siege to the main stockpiles of armaments in the district head-quarters town of Nayagarh. Nayagarh is 85 kms from Bhubaneswar and the simultaneous attacks were spread over about 75 kms in the districts of Nayagarh, Ganjam, Gajapati, Rayagada and Kandhamal. In the ensuing gun battle 13 police and two others were killed and nine injured. The targets of attacks in Nayagarh included the Armoury, the Town police station, the Police Training School at Nayagarh, the Police Station at Daspalla and the outpost at Galeri.

The Naxalites faced no losses during the precision attack and throughout the entire operation, spoke on loudspeakers to the people to remain calm as none would get hurt. They explained the purpose of the attack was to seize the arms of the government in order to fight for the poor. The town people welcomed the attack and even joined in to give slogans along with

the Maoists. After the attack it is reported that the Maoists calmly had a full meal in restaurants and paid the bills. The police personnel killed (6 in the armoury, 3 in the PTS, 2 in the Town Police Station, 3 at the Mahipur outpost, and 2 others) were only those who tried to resist.

The Maoists seized about 600 automatic weapons and huge quantities of ammunition. They then retreated. It was about 15 hours when the first government force came as sought to counter the Maoists. Massive forces were brought and helicopters were pressed into service. With this, the media went on a high profile propaganda saying they had killed 20 Maoists, recaptured most of the arms (first they said 20% and finally went up to 80%). But with all the forces they brought they were not able to recover a single arm and only got what the Maoists themselves destroyed — the more simple arms. In all three comrades were martyred and one

woman comrade was martyred while trying to retrieve the body of another comrade.

The media also propagated horror stories of the Maoist, having mutilated vital organs of those killed. And they resorted to the most gutter forms of journalism to cover up their lapses.

Meanwhile the para-military forces which planned to bomb the fleeing Maoists were affected by a directive by the NHRC prohibiting aerial bombing. Yet tribals in and around Gasma village fled their villages fearing full-scale war and harassment.

The question that arises is that why was such a huge quantities of arms stashed away in this small town. No doubt with the massive planned loot of Orissa's mineral wealth (iron ore, bauxite, etc) the government is sending in huge forces to crush by brute force any resistance of the local people. But the people, led by the Maoists have turned their own guns on to them.

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chemical hubs, SEZs, how the present industrialization policy would serve the foreign imperialists and is basically anti-people as also on the alternative model of development, why it is absolutely essential for us to oppose the land grab policy

pursued by the Indian state at the dictates of their imperialist masters and to pursue a policy of self-reliance by opposing the big Indian big comprador bourgeoisie and the CPM who has become one of the most trusted agents of US imperialism. Some talked about electoral change to dethrone

the CPM from power because, as some of them said, the situation today is like the situation during the time of emergency when all the forces united to defeat Indira Congress in the election of 1977. Ofcourse no change can come through the ballot box; past history is proof.

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SPEECH ON REVOLUTIONARY LITERATURE OF THE EASTERN GHATS AREA, GIVEN BY COMRADE. BK AT A MEETING HELD IN DKSZ¹

(This article appeared in the October 2007 issue of Jhankar in Telugu)

Revolutionary greetings to the Cultural Forum, the convener of this meeting and to all the comrades who are attending this.

Comrades asked me to speak on the efforts of our party and our cultural activists in developing revolutionary literature and art in the Eastern Ghats. I really felt this was a big responsibility as the Eastern Ghats revolutionary movement has a history of three decades. During this long period, this is a history where our revolutionary literature and revolutionary art got entwined inseparably and developed together. I am not the one who is fully equipped to tell all that. It is difficult to do justice to that too. That's why I thought I will speak on some points at least and prepared myself for it.

There are many comrades in the Eastern Ghats now who are building the movement, wielding the gun in one hand and a pen in the other. Like what our comrade Narmada had just mentioned, they wrote literature and raised the consciousness of the people and developed the movement at various levels. From the early days of the birth of the revolutionary movement to this day, many comrades right from the *sangam*² leaders at the village level to the leadership comrades at the Zonal level, after this area developed into a Zone, have been part of the creative effort of writing literature and have been playing an active role in the cultural front. Many of them became martyrs too. Right from a *sangam*² leader, comrade Subba Rao, to the SZC member Comrade Koumudi, there were many martyr comrades who had put in lot of efforts in creating and developing revolutionary literature. The literature produced by these comrades is very valuable.

There are many comrades there, who are carrying on the legacy of Subba Rao Panigrahi³, who created revolutionary literature of immense value and developed revolutionary culture to a new high during the Srikakulam revolutionary struggle. While fully committed to the theory that by intensifying the People's war the exploiting classes have to be overthrown and that the exploited should gain power

by force and believing in this on the one hand and on the other hand to organize the vast masses and to raise their consciousness, these martyrs had created literature which inspired the toiling masses to fight for political power. There was Comrade Bhumanna, a martyr in the Srikakulam revolutionary movement who wrote revolutionary poems and songs and there were martyr comrades like Chitti Prasad, Tirupati Patnaik, Master, Koumudi, Janardhan from the Eastern Ghats. Among the revolutionary cultural women artists there were Comrades Girija, Aruna, Sandhya and many others who were working in the cultural field and became martyrs. I offer my red salutes, hailing these martyrs and cherishing their memories alive in my heart I would like to say some words on how the revolutionary literature was created there and about the content of that literature.

All of us know that it is impossible to talk about literature without re-calling the great contributions of these martyred comrades. All this literature and art is a product of the society. It is from the society that art and literature in various forms are developed. This society is full of diversity. We are observing that this society transforms and develops itself continuously. Likewise, according to the changes in society, there will definitely be changes in literature too. Likewise art forms also develop and they spread out too. When we see from this angle society in the Eastern Ghats is not dissimilar to today's society. But there are some remnants of primitive society also.

As much as the society changes due to the conflict or a fierce war between two classes, art and literature too develop accordingly.

In these 25 years there have been many changes in the Eastern Ghat, socially. These changes are not the handiwork of one class. The exploiting class is carrying on its exploitation in various forms and oppressing the people in various forms.

The phenomena of the exploited raising their consciousness, intensifying the class struggle and its development into a severe and harsh class war are very important. We

have to look at this class conflict in the Eastern Ghats in view of the changes that we think would come about as a result of the struggle between two classes.

I think it would be good to talk about the literature created in that movement in this background.

The class enemies have unleashed severe attacks on us after we started the class struggle in that area. The state which safeguards the ruling classes also pitched in and continued the cruel repression. During 1985-87 the police brutally repressed our revolutionary masses. The people also revolted in this situation.

Destruction of people's properties, razing down their houses, raping women... thus repression was carried on in many more forms to suppress the struggling masses. Our comrades produced literature during this period too. Tatapudi Siva Rao wrote a poem on these times of repression. It reflected the situation of the movement then. "*How can you tremble like a blade of grass in this gentle breeze or mild showers, comrade? We have to face a storm; we will have to swim against the mighty ocean*". Really, they were very hard times. It was a trying period when our revolutionary movement was facing counter revolutionary attacks. Our comrades wrote poetry in relation to the movement.

In that same period a story was written titled "*The agony of Mother Forest*". It was about an *Adivasi* peasant named Seendira Gansi who lost his life due to police brutality. The agony of the *Adivasi* peasantry was expressed in that story. The police razed to ground a village called Porumamidi. Many livestock were burnt alive. A peasant named Seendira Gansi went into the burning house to recover the money which he had hidden in the hollow of a bamboo, for the sake of his daughter's marriage. The police blocked the doorway and threatened that they will kill him if he comes out. He could neither come out nor stay inside and was burnt to death. The outside world doesn't know the kind of brutalities which were committed by the

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