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Report on Political Developments

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International situation

The severe financial crisis that has gripped the United States and engulfed Europe is the most important event of the past three month period. The onset of a global recession is imminent. The collapse of the Wall Street model of unregulated finance will have a major impact on the global dominance of the United States. This crisis has come at a time when there has been a confrontation between the US and Russia due to the crisis in the Caucasus and its resultant impact. The US geo-political aims will be challenged by an assertive Russia. The events presage the weakening of US hegemonic influence and the hastening of the trends towards multipolarity in international relations.

US And Global Financial Crisis

The United States has been gripped by a severe financial crisis which is still unfolding. This crisis has not come all of a sudden. In the 19th Congress we had noted that the real estate boom has collapsed. The housing bubble which led to the US recovery from 2002 burst with the subprime mortgage crisis. The Political-Organisational report of the 19th Congress had concluded:

“The collapse of the real estate bubble in the US, besides precipitating a recession in the US economy has also given rise to a worldwide credit crunch, because of the huge losses suffered by banks and financial companies. Stock markets across the world, from the Wall Street to the Asian markets including India, have witnessed successive crashes in the first few months of 2008 due to fears of a US recession. The US establishment has been desperately trying to salvage the situation by cutting interest rates sharply, in order to help the financial system in reducing losses and reviving the stock market. Fiscal measures like tax cuts and increased spending plans are also being considered. However, these measures cannot prevent the recession in the US economy and its global impact.”

The financial crisis in the US has deepened considerably since then and has spread across the globe. The recently released IMF World Economic

Outlook (October 2008) describes the crisis as “the most dangerous financial shock in mature financial markets since the 1930s”.

The bankruptcy of Lehman Brothers, the fourth largest investment bank in the US, marked the beginning of the financial meltdown in September 2008. Another investment bank Merrill Lynch was taken over by the Bank of America through Government facilitation, similar to the manner in which Bear Stearns got taken over by JP Morgan Chase some time ago. The biggest investment banks, Goldman Sachs and Morgan Stanley, have decided to transform themselves into ordinary deposit-receiving banks. Two mortgage lending institutions, Fannie Mae and Freddie Mac have also been nationalised to prevent their collapse. AIG, the world’s largest insurance company, has managed to survive for the present through the injection of funds worth \$85 billion from the US Government. Similar problems are being faced by other advanced economies like UK, Japan and of West Europe.

The US Congress has recently approved a \$700 billion bailout package proposed by the Bush administration to tackle the crisis by infusing public funds to buy up the bad debt of the banks and financial institutions and prevent a financial collapse. The British Government has followed suit and announced a £ 400 billion rescue plan for its banks and financial institutions involving direct public investment in banks, deposit guarantees and short-term loan facilities. Iceland, a small European country, has almost gone bankrupt owing to the losses suffered by its banks, which has forced it to shut down its stock market and stop trading in its currency. The three largest banks have been nationalised by the Icelandic Government. However, the global financial markets continue to remain in turmoil despite the Government bailout packages, since the losses accumulated by the banks and financial companies are estimated to be much higher. In an unprecedented move, Central Banks across the world like the US Federal Reserve, the European Central Bank and others in England, China, Canada, Sweden, Switzerland and elsewhere have cut interest rates in a coordinated manner in order to prevent a drying up of credit flow into the financial markets. The impact of these desperate measures to prevent the downslide remains uncertain.

These events, which are being compared to the Great Depression of the 1930s even by the IMF, have important implications. A key aspect of imperialist globalisation has been financial liberalization, which has meant the opening up of the financial sectors of capitalist economies to unregulated flows of international finance capital. Through the past two decades several developing countries; Mexico, Thailand, Malaysia, Indonesia, South Korea, Russia, Turkey, Brazil and Argentina; have all witnessed financial crisis and currency crashes on different occasions, caused by the activities of speculative finance. Now with crisis engulfing the financial sector of the US and other advanced economies, the destabilising character of international finance has got fully exposed. The excesses of speculative finance under the cover of “financial innovations” have played havoc with the stability of the global financial system, shattering the myth of “market efficiency”. While the multinational banks and their executives, have made enormous profits out of their speculative

operations over the past few years, once they have suffered losses, Governments across the advanced capitalist countries have felt obliged to bail them out using taxpayers' money. It has been widely reported how the top executives of the banks and financial companies drew huge bonuses months before those institutions collapsed. Government bailout of these failed institutions without fixing any responsibility for the greed and recklessness of the speculative elements, which have precipitated the crisis, will affect the credibility of the system.

The financial crisis will also have an adverse impact on the real economy. The slowdown of the US economy has resulted in the loss of 1,59,000 jobs in August – the highest in the past five years. The rate of unemployment has climbed to 6.1 per cent. Defaults on mortgages has rendered thousands homeless. The stock market's decline has wiped out 2 trillion dollars in the retirement savings of the American people in the past 15 months. For more than a decade, global economic growth has been driven by the US economy. The huge current account deficits run by the US, enabled countries across the world, to grow through exports of goods and services to the US market. While the adoption of neoliberal policies has meant shrinking public expenditure and a shift away from domestic market-oriented growth in most capitalist countries, the US has provided the major market for the export-oriented growth regime under imperialist globalisation. With the financial crisis and the consequent downturn in the US economy, the sustainability of the global growth process has also become questionable. In its latest World Economic Outlook the IMF has warned that: "On an average annual basis, global growth is expected to moderate from 5.0 percent in 2007 to 3.9 percent in 2008 and 3.0 percent in 2009, its slowest pace since 2002. The advanced economies would be in or close to recession in the second half of 2008 and early 2009, and the anticipated recovery later in 2009 will be exceptionally gradual by past standards...There are substantial downside risks to this baseline forecast."

The global financial crisis is a result of the financialisation of the global economy and at the expense of real production. The depredations of an unregulated financial system which is based on the "market know-all" philosophy is now affecting the real economy. The crisis is a serious setback to the neo-liberal dogma which has dominated the world since the 1980s. The effects of the crisis on the people in different countries should provide the basis for the working class and all sections of the working people to organise the fight back to reverse the neo-liberal policies.

Impact on India and Developing Countries

The worldwide credit crunch following the financial crisis, coupled with a protracted recession in the US and other advanced economies will have major implications. The decline in the US economy will leave an influence on the global power exercised by US imperialism. Efforts by other advanced and developing countries to find a way out of the crisis can strengthen the trend towards multipolarity. With faith in the "free market" getting eroded considerably following the financial meltdown, the hegemony of neoliberal policies will be challenged. Developing countries like India need to rethink their economic development strategy in this

backdrop. There is an urgent need to shift the focus away from trade liberalization and external markets and work towards generating domestic market based stimuli for economic growth. More importantly, the Indian financial system needs to be insulated from the turbulence being witnessed in the financial markets of the US and elsewhere. Not only should the ongoing moves towards greater financial liberalization and deregulation be stalled, regulations need to be tightened in several areas like bank lending, investment in capital markets and real estate and FII inflows.

US-Russia Conflict

Another major development which will have a significant impact on international relations is the crisis arising over South Ossetia in Georgia which led to a military conflict between Georgia and Russia. This conflict should be understood in the background of the strategic designs of the United States in the Caucasus. The geo-political strategy of the United States is to intervene and control the oil and gas rich Caspian region, the expansion of Nato upto Russia's borders by including Georgia and Ukraine for the purpose of the containment of Russia and its influence in this region.

The “colour revolution” installed a US acolyte, Mikheil Saakashvili as the Georgian President. Both South Ossetia and Abkhazia are enclaves within Georgia with a predominantly Russian-speaking population. As per a treaty signed in 1992, Russia deployed peacekeepers in the two regions for the protection of the population. On August 8, the Georgian army attacked the capital of South Ossetia and seven Russian peace keeping soldiers were killed apart from extensive damage to the capital of Tskhinvali. Israel has been training and supplying weapons to Georgia. It is also reported that the US military advisors were present in the combat zone in South Ossetia. The Russian response was to send in its troops to clear South Ossetia of Georgian troops and consolidate its position in Abkhazia. Russia has backed the declaration of independence by these two regions. Russia has declared that it will consider Nato membership of Georgia as a threat to its national sovereignty. The war between Russia and Georgia is being used to push Georgia’s induction into the Nato overcoming the reservations held earlier by Germany, France, Italy and other European countries. The US has used the conflict in the Caucasus to rally its Nato allies on the pretext of confronting a “revanchist Russia”. Nato has suspended its ties with Russia.

The United States has vital stakes in the oil pipelines passing through this region. The Baku-Tbilisi-Ceyhan (BTC) pipeline from Azerbaijan to Turkey funded by the US is the first pipeline to Europe which has altogether bypassed Russian territory. Georgia is the crucial transit country for other pipelines being planned.

The fall out of this confrontation between the US-led Nato and Russia will have its impact on the geo-political situation around the world. The conflict in the Caucasus has a direct impact on the Iran nuclear issue. It will not be possible for the Bush administration to get Russia to agree for further sanctions against Iran in the UN Security Council. Russia received the

Syrian President Assad and talks have been held for the supply of sophisticated defence equipment to Syria. During Chavez's visit to Moscow, negotiations were held for the supply of sophisticated weapons to Venezuela. Two Russian bombers have visited Venezuela and the naval exercises between the Venezuela and Russian navies are planned to be held in November, the first time the Russian navy will be conducting exercises in the Caribbean.

The Russian leadership has come out firmly against the US hegemonic efforts including its financial and economic model. President Medvedev and Prime Minister Putin have rejected the worldview based on a unipolar world. The Russian foreign Minister Sergey Lavrov addressing the 63rd session of the UN General Assembly on September 27, 2008 declared that "The crisis in the Caucasus has proved again that it is both impossible and dangerous to resolve existing problems in the blindfolds of the unipolar world. The price we will pay in lives and destiny of people is too high".

The US financial crisis and the conflicting interests of Russia and the United States in the Caucasus underline what was stated in the Political Resolution of the 19th Congress.

"The unsustainability of finance capital-driven globalisation, the limits of US military intervention, the growing resistance to imperialist hegemony and the growing economic strength of China, Russia and other major developing countries are all creating conditions conducive to a multi-polar world."

Developments in South Asia

Nepal: Four months after the elections to the Constituent Assembly, a new government has been formed with Maoist leader Prachanda becoming the Prime Minister. This was made possible by a political understanding reached after prolonged negotiations between the CPN(M), CPN(UML) and the Madhesi Janadhikar Forum (MJF). There are three Deputy Prime Ministers belonging to the CPN(M), CPN(UML) and the MJF. The Nepali Congress opted out after it failed to get the Prime Ministership for Koirala. Prime Minister Prachanda visited India on his first official visit in September. In the joint statement issued after talks with the Government of India it has been agreed that the India-Nepal Treaty should be reviewed and updated. Cooperation with Nepal for regulating and controlling the river waters is essential given the serious problem of periodic floods in Bihar.

Pakistan: After the formation of the PPP-led coalition headed by Syed Yousuf Gilani, conflicts developed. The PML(N) led by Nawaz Sharief pulled out of the government when their demand for the reinstatement of the dismissed Chief Justice and judges were not met. Subsequently, the PPP and the PML(N) agreed to move for the impeachment of President Musharraf. When the impeachment process was in motion, Mushruff quit as president. For the election of the new president, Asif Ali Zardari was nominated by the PPP and his allies. He won the election defeating the PML (N) candidate. Zardari had become notorious during the Prime

Ministership of Benazir Bhutto, taking bribes and he had been imprisoned and faced a host of corruption charges. In order to signal to the United States that he would cooperate fully in the US sponsored “war against terror”, the only foreign head invited for the inaugural ceremony was the Afghan President Hamid Karzai.

The economic situation has been steadily deteriorating. By the beginning of October, there were enough foreign exchange reserves to only finance imports for a month. Price rise and unemployment has badly affected the people.

In the meantime, the insurgency by the pro-Taliban elements has grown in the North West Frontier Provinces and the Fata. The United States sent its Joint Chiefs of Staff to Islamabad to warn the Pakistan government that it should take strong military action in the border areas. Later the Joint Chiefs of Staff again met the Pakistan Army chief on board a US aircraft carrier in the Indian ocean to demand coordinated action on the Pakistan-Afghanistan border region. This meeting was widely criticized in Pakistan. In July, President Bush had signed a secret directive authorizing ground assaults in Pakistan across the Afghan border. Following this, an attack by special forces was launched on September 3 against suspected Taliban militants within Pakistan. The Pakistan army Chief Kayani issued a strong statement against such incursions and declared that the army will protect Pakistan's sovereignty at all costs. The civilian government had to back Kayani's stand given the widespread popular opposition to American intervention. In Pakistan there is a wide gap between the people who are totally opposed to America's intervention in Pakistan and Afghanistan and the ruling establishment which has long been a subordinate ally of the United States.

Afghanistan: The growing Taliban insurgency against the Karzai government and the Nato-US occupation has now led a worried Bush administration to declare that 8000 troops will be taken out of Iraq and sent to Afghanistan. There are already 70,000 US and Nato troops deployed there. In the attacks on the Nato and US troops the death toll is increasing. In the month of June, 46 soldiers were killed, the highest since the US led invasion in 2001. The massive suicide bomb attack against the Indian Embassy in Kabul which killed 140 people is an indication of how vulnerable the situation has become even within Kabul. The Karzai regime is notoriously corrupt. The civilian casualties due to US bombings are mounting, causing great anger against the foreign troops. The United States is trying to draw India into providing more active support and military help for the Karzai regime. Two Indian military assistance teams to help the Afghan army and airforce are already stationed in Afghanistan. India's involvement in Afghanistan in support of the Karzai regime in coordination with the US-Nato has dangerous implications as the Taliban will target India and Indian personnel in Afghanistan.

Bangladesh: The interim authority announced major changes in the election laws in July. Both Sheikh Hasina and Khalida Zia have been released on bail. Political activities are still restricted. The military backed regime failed to persuade the two major parties the Awami League and the

Bangladesh Nationalist Party to get rid of the two leaders. In the recently held city council elections, the Awami League and the BNP candidates fared well compared to other parties. The rising prices of foodstuffs, petroleum products and loss of employment is causing great hardship to the people. The military backed regime has lost credibility because it has failed to tackle these problems. The army seems to have no other option but to allow these parties and the political system to go for elections. The interim authority has promised to hold elections by the end of the year in December.

Sri Lanka: The Sri Lankan armed forces have been advancing into the LTTE held areas and is now within striking range of Kilinochchi town. President Rajapakse is determined to go for a military solution. The reverses suffered by the LTTE will soon force them to go underground. The continuing hostilities have led to growing civilian casualties in the Tamil areas. There is growing concern at the plight of the Tamil civilian population. Apart from the casualties due to shelling and aerial attacks, there is an acute shortage of essential commodities and medicines.

The Indian government has to mount pressure to make the Sri Lankan government accept a political settlement which will provide for the devolution of maximum autonomy for the Tamil-speaking areas. It should insist on the Sri Lankan government ensuring supplies of food, drugs and essential commodities to the people in the conflict areas. Failure to do so will only lead to prolongation of the conflict by other means.

National

The three month period since the last CC meeting in July has been marked by a number of developments. The withdrawal of support by the Left was followed by the trust vote which was won by the Congress led government. The Manmohan Singh government went ahead with the Indo-US nuclear deal which has been formally signed. The situation in Jammu & Kashmir became serious with the movements in the valley and Jammu confronting each other. There have been a series of bomb blasts in Bangalore, Ahmedabad and Delhi which came as a reminder that terrorist groups are actively working to disrupt the social fabric and heighten communal tensions. Widespread attacks on the Christians in the Kandhamal district of Orissa followed by attacks on the Christians in Mangalore and other places in Karnataka sharply highlight the tactics of the RSS-Hindutva forces to target the minorities. The period also saw unprecedented and devastating floods in Bihar with the Kosi river changing course and serious floods in Assam and Orissa.

Trust Vote

The special session of the Lok Sabha for the trust vote was held on July 21-22. As expected, the government was able to win the trust vote. They were able to win over 19 votes from the opposition who either voted for the government or abstained. Of this 16 were from the NDA (8 BJP) and one

each from the JD(S), TDP and Nagaland People's Front. The BSP, JD(S), RLD and the TDP-UNPA parties voted against the government alongwith the Left parties.

Though the Congress-led government could win the trust vote it sullied its image by brazen use of money power, intimidation and other tactics. The production of currency notes in the Lok Sabha by three BJP MPs led to widespread revulsion in the country. The Congress Party showed no compunction in subverting parliamentary democracy in this shameful manner.

Nuclear Deal

The Manmohan Singh Government went ahead with the nuclear deal after the trust vote. The IAEA board of Governors met on August 1 and approved the draft of the Safeguards Agreement with India. The terms of the agreement show that India cannot withdraw from the safeguards which are in perpetuity unless these facilities are no longer used for nuclear activity. Nor can the IAEA ensure uninterrupted fuel supply since it is only a monitoring agency. Thus the Prime Minister's assurance in parliament that India's civilian nuclear facilities would be put in perpetual IAEA safeguards only in the strictly reciprocal condition of uninterrupted fuel supply guarantee has not been fulfilled.

The United States moved to get the waiver for nuclear commerce with India at the Nuclear Suppliers Group. Two meetings were held of the Nuclear Suppliers Group. In the second meeting in September, a revised draft of the waiver was finally adopted after some changes. The waiver is neither clean nor unconditional as claimed by the government. The text of the waiver has converted the voluntary moratorium on testing into a multilateral agreement. India has agreed that any fuel supply will be subject to periodic NSG review and subject to India's moratorium on testing. Restrictions on transfer of enrichment and reprocessing technologies will remain. The NSG waiver and the terms set out are designed to make India adhere firmly to the terms and conditions of the Hyde Act.

Subsequent to the NSG waiver, a number of documents and positions taken by the Bush administration have badly exposed the Manmohan Singh government. The State department's replies to the 45 questions sent by the House Foreign Affairs Committee which was kept secret was released. The replies to the queries make it amply clear that the provisions of the Hyde Act will govern. This was followed by the US Presidential determination sent to the US Congress which contradicted the claims made by the Government of India that it has got guarantees for fuel supply assurances. The determination states that there are no legally binding assurances only political commitment. Further, the safeguards will be in perpetuity on India's reactors. It also cites Pranab Mukherjee's statement that India would join international efforts to stop the spread of enrichment and reprocessing technologies, an obvious reference to Iran.

Finally, the US Congress has adopted the Act to approve the 123 agreement. This Act is a Hyde Act plus version which has the key provisions of the Hyde Act and much more. The Act passed by the Congress spells out clearly that: a) India does not have fuel supply assurance; b) no assurance regarding building a strategic fuel reserve for the life time of the reactor; c) whatever corrective measures it takes regarding fuel supply failure does not permit taking the reactors out of safeguards; d) the consent to reprocess is only notional; and e) the US will also work to prevent other countries from providing nuclear supplies to India, if the US terminates the 123 Agreement.

Condoleezza Rice has further assured the Congress that India will be barred from Enrichment and Reprocessing Technology in the next NSG meeting to be held in November, formalizing an unofficial consensus reached during the NSG waiver meeting of September 4-6.

The sub-text of the 123 agreement has also come into the open with a letter written by the Indian foreign secretary to the US Under Secretary William Burns on September 10 committing India to buy a minimum of 10,000 MW of nuclear equipment. This will mean importing \$ 70 billion of nuclear reactors which is equivalent to spending Rs. 2,80,000 crores. The Indian government has also promised to indemnify suppliers from consequences of a nuclear accident. This would mean that if there is an accident like the one in the Union Carbide plant in Bhopal, the company which supplied the reactor cannot be held liable. The Manmohan Singh government has once again resorted to the deception of getting a statement from President Bush to state that there will be fuel supply assurance and consent for reprocessing. This is of no value as the Act passed by the Congress is the law and Bush will not be President after four months.

The Congress Party which is hailing the nuclear deal as a historic achievement will be going to the people with the propaganda that this will bring electricity to every village and house in the country. They will make it a major plank in the forthcoming Lok Sabha elections. This has to be countered by a big campaign exposing the surrender to the United States and the harmful consequences of implementing such a nuclear deal.

Jammu & Kashmir

The issue of land being allotted for the use of the Amarnath shrine pilgrimage became the focus for a major upheaval in the state. On May 26, by a state government decision, nearly 100 acres of forest land was handed over to the shrine board for use during the duration of the pilgrimage for providing facilities to the yatris. This sparked off protests in Kashmir which snowballed into a widespread popular movement. The PDP which was a partner in the coalition government, withdrew support to the Azad government which resulted in its fall. The government finally revoked the May 26 order and decided that the state tourism department would provide the facilities on the land for the pilgrimage.

The revocation of the order led to the agitation in Jammu which demanded that the land be handed back to the shrine board. The Jammu agitation also

became a widespread one mobilising Hindus across the spectrum. For two months – July and August – the agitation paralysed Jammu. In the initial days the highway to Srinagar was blocked which resulted in the movement again reviving in the valley.

The Manmohan Singh government was busy saving itself in July and did nothing regarding the agitation in Jammu. The failure to intervene in time led to the separatist forces in the valley getting the upper hand. In end-July a march to the LoC to get the road to Muzaffarabad opened for trade was announced. The huge demonstrations were met with police firing in which in two days around 20 people were killed. This led to the massive rally at Idgah in Srinagar called by the Hurriyat factions.

The polarization between the two regions is complete. On the Jammu side the RSS has been the main force behind the movement which has swept off the Congress and other parties into it. The Central government finally opened talks with the Sangarsh Samiti of Jammu and arrived at an agreement. It has been agreed to hand over the concerned land to the shrine board exclusively for the use of the yatris for three months during the pilgrimage. This has led to the Sangarsh Samiti declaring victory and calling off the agitation. Of the parties in Kashmir, the National Conference which is working alongwith the Congress has supported the agreement while the PDP has opposed it. Subsequent to the Jammu agreement, the Government has cracked down on the protests in the valley. Curfew was declared for nine days in all the districts of the valley. Altogether 35 people were killed in police firings and media censorship was imposed. After the Ramzan period, the Hurriyat's call for a rally at Srinagar was foiled with the imposition of curfew and the detention of the leaders. The widespread agitation in the valley shows that strong feelings of alienation exist despite the exterior calm and some return to normalcy in the last 2-3 years. Without any substantive progress in providing for maximum autonomy under Article 370 of the Constitution, the UPA government has not been able to create conditions whereby the people in the valley can be rallied and confidence instilled.

The Party had demanded that the issue of the land for the Amarnath shrine pilgrimage be settled through talks; the government should pursue opening of the Srinagar-Muzaffarabad trade route alongwith the Jammu-Sialkot route with the Pakistan government. The Party had also demanded that the obstruction of the highway to Srinagar be cleared and compensation be paid to the traders in the valley and those affected in Jammu.

The Election Commission will be deciding on the holding of the assembly elections in the state. Since President's rule is there till January 2009, elections will have to be held before that. The Commission had asked political parties to convey their views on the holding of elections in the state. The Party had stressed the necessity of creating conditions so that the people participate in the polls in the valley.

Terrorist Attacks

The series of bomb blasts beginning in Bangalore in July and the latest in Delhi in September and Agartala on October 1 have shaken the country. The series of explosions in Ahmedabad city that took place the next day after the Bangalore blasts killed 56 people and injured 200. The vicious nature of the attack can be seen by the two blasts in hospitals where the victims of the earlier blasts were taken to. A large number of bombs placed in Surat did not explode. The four bomb explosions in Delhi on September 13 killed 25 people. This was followed by another blast in Mehrauli, a suburb of Delhi, two weeks later, in which two people died.

In the four explosions in Agartala town on October 1, 73 people were injured. These were not in the same category as the other attacks. The police have identified the culprits as those belonging to a tribal extremist outfit and arrested some of them.

There have been more than a dozen bomb blasts since the October 2005 blasts in Delhi. A feature of the current terrorist attacks is the involvement of a network of groups drawn from Muslim youth. The motivation for these attacks seems to be retaliation for the continuing attacks on the Muslim community like the Gujarat pogroms and the earlier killing of Muslims in Mumbai. Failure of the State to ensure justice to the minorities and punishing those guilty of serious crimes against the minorities is attracting a few elements of the Muslim youth to the extremist cause.

The other aspect is that such attacks are followed by police round up of Muslim youth in various localities and harassment of their families. Many innocent people are caught in the police net and kept in custody, tortured and released after some time. This has happened on a large scale after the terrorist bomb blasts in various places in Maharashtra, Hyderabad and Delhi. There is widespread anger in the Muslim community against the police and the UPA government for the targeting of Muslims in general and portraying them as terrorists. Recently, six Muslim organizations including the Jamaat Ulema e Hind and the Jamaat e Islami came together to protest against such harassment.

The terrorist attacks have provided grist to the mill of the BJP and the Hindu communalists. They have been campaigning against the UPA government's "soft" policy towards the terrorists and attributing it to "minority appeasement". The Congress and the UPA government is caught between the growing concern of the people about terrorist violence and the increasing insecurity to the lives and the anger of the minority community which is facing harassment because of the terrorist activities of a few elements.

While the police and the administration is prompt in moving against terrorist attacks attributed to the Muslim extremists, it shows a singular lack of will to take on the Hindu extremist forces which resort to terrorist violence. In July, two Bajrang Dal activists were killed in Kanpur while making bombs. Evidence showed that they had plans to target Muslim populated areas. In 2006, in Nanded, Maharashtra, a similar explosion had

killed two Bajrang Dal workers in a RSS man's house. In the light of the vicious attacks and killings of Christians in Orissa and Mangalore by the Bajrang Dal strong action should be taken against it under the Unlawful Activities (Prevention) Act.

The CPI(M) has taken a clear cut stand against the terrorist activities of certain extremist forces. It has criticized the central government for failing to strengthen the intelligence and security set up to cope up with the terrorist challenge. At the same time, the Party has opposed the indiscriminate police action against innocent people belonging to the minority community.

Violence Against Christians

The killing of a Vishwa Hindu Parishad leader Laxamananda Saraswati by a Maoist squad in Orissa sparked off a largescale attack against the Christian community in Kandhamal district. As per official reports more than 32 people have been killed, over 2000 houses destroyed and over 140 churches and prayer halls attacked and desecrated. There has been the shocking case of the rape of a nun after publicly parading her. Even six weeks after the incidents began in the last week of August, the situation is still not under control. More than 30,000 people are in relief camps. The RSS outfits are forcibly "reconverting" Christians to Hinduism, this is a condition for their return to their homes. There have been incidents of violence in adjoining districts like Koraput. The RSS has been targeting the Christian community and pitting the tribals against them for quite some time. Kandhamal saw such attacks a year ago.

The Naveen Patnaik government which is a BJD-BJP coalition government has facilitated the growth of the RSS outfits. The state government has completely failed to protect the Christian minority and take firm action against the culprits. The UPA government delayed in taking any measures to intervene in the situation. After nearly a month it confined itself to sending advisories to the state government. It should have sent clear directives invoking Article 355 on arresting the culprits, deployment of central paramilitary forces and taking firm steps to end the violence. The state government should handover the serious crimes of rape and murder for investigation by the CBI as the local administration and police have proved incapable of tacking the situation.

Following the Orissa events, the Bajrang Dal and other Hindutva organisations attacked churches in Mangalore, in Dakshin Kannada district of Karnataka. Attacks took place in Udupi, Davangere and Bangalore. Taking advantage of the BJP state government, the Hindu extremist forces attacked churches accusing them of conversion activities. The police was openly partisan in attacking the Christians who gathered to protest the attacks on the churches. It is only after the countrywide condemnation that the state government arrested the Bajrang Dal state convener who had gone on record claiming responsibility for the attacks on the churches. He was let off on bail the next day.

There have been sporadic incidents of attacks on Christians churches in Tamilnadu, Kerala, Andhra Pradesh and other places. In Kerala, out of the four such incidents, in three, police have arrested the culprits and identified the main person behind the fourth attack.

BJP Gameplan

The BJP held its national executive meeting in Bangalore in September. The whole tenor of the stand adopted at the meeting was to highlight the Hindutva agenda with the terrorist blasts being given a communal colour. The attacks on the Christians in Karnataka came soon after this meeting. Throughout the country efforts are being made to create communal tensions and provoke riots. In Uttar Pradesh, the notorious Yogi Adityanath who is also a BJP MP, took a cavalcade of cars to Azamgarh district and the provocative slogans led to violence in which a Muslim was shot dead by his men. There were attempts to create other communal incidents in Azamgarh district. In Dhule, in Maharashtra there has been a serious outbreak of communal violence after a provocative campaign by the Hindu communal outfits.

The violence in Darrang and Udaguri districts in Assam due to clashes between the Bodos and Muslim settlers in the region have resulted in the death of over 50 people and widespread destruction of houses and properties. The area falls under the Bodo autonomous region and the conflict is not only on communal lines but a struggle over land and other resources between the Bodos and local people and those settled there later who are descendants of Muslim immigrants.

The Nanavati Commission appointed by the Modi government in Gujarat to enquire into the Godhra incident and the violence thereafter has submitted its first report. The BJP government seeks to vindicate its stand by using this tailor made report which contradicts the earlier Justice Banerjee Commission's findings. The report's conclusions follow what the Gujarat government says and has no credibility.

Both the terrorist violence and the communal riots are being utilized by the BJP to create a communal polarization which will help them in the elections. The Party should conduct a strong anti-communal campaign to counter these nefarious designs of the BJP-RSS combine. Wherever possible, the Party should create broad platforms with democratic and secular forces to ensure a broadbased mobilization against such activities.

Inflation and Economic Slowdown

The rate of inflation continues to be around 12 per cent. There is no let up in the price rise of essential commodities particularly of food items. With the fall in the international oil prices to below \$ 80 a barrel, the government should immediately reduce the price of petrol and diesel by Rs. 4 and Rs 2 per litre respectively, i.e. annul the last price increase. This will provide relief to the people suffering from price rise. The government's failure to curb price rise is becoming the single most political liability for the Congress party.

Though the finance minister kept harping about achieving 8 per cent GDP growth in this financial year, it has become evident that the slow down of the economy has begun. Overall industrial growth has fallen. Industrial production growth was a low 1.3 per cent in August compared to 10.9 per cent for the same month last year. The global economic slowdown is having its impact. The RBI had estimated growth for 2008-09 at 8 per cent. But this is not likely to be met. The US financial crisis is going to affect the economy further. Job losses in the IT sector and other services are imminent and the overall slowdown will affect employment.

Left Opposition Insulates Financial System

India's banking and financial sector has not been substantially affected by the US financial crisis because measures for financial sector liberalization proposed by the UPA government were stalled by the Left. The Banking Regulation Amendment Act, the raising of the FDI cap on insurance, the adoption of the Pension Fund Regulatory & Development Authority Bill to put in place the new pension scheme and the strong opposition to capital account convertibility have all resulted in the financial sector not being opened up to the vicissitudes of speculative finance. Despite this, the finance minister continues to talk of pursuing financial sector reforms. In order to tackle the stock market crash, the SEBI has announced lifting of restrictions on Participatory Notes. Some minor restrictions which were placed in October 2007 have been lifted. Other measures to attract FIIs money back into the country are being pursued. This is the opposite of what should be done. What is required are tightening of capital controls and stiffer financial market regulations.

The government should not tackle the crisis in a manner only to help the big corporates and private financial institutions. It should ensure uninterrupted credit to small and medium enterprises, farmers and weaker sections. It should scrap the New Pension Scheme and withdraw the PFRDA Bill and stop efforts to open up the banking and insurance sectors to foreign capital.

Severe Floods

Recently, severe floods have devastated Bihar, Assam and Orissa. Bihar has witnessed an unprecedented flood. The breach in the embankment of the river Kosi flooded sixteen districts in Bihar mainly Supaul, Madhepura, Saharsa, Araria, Khagaria and Purnea. Due to the breach in the embankment, the course of the river has changed. About 40 lakhs of people are affected by the unprecedented floods. The criminal negligence and corruption of the government in Bihar, its engineers and bureaucrats are responsible for this disaster. They have not done maintenance and repair work of the embankment and misappropriated the allotted funds. The people have lost their homes, livestock, crops, land and other belongings. Water has not receded from many districts. The Central government must initiate a fresh look at flood control measures. Steps have to be taken in cooperation with the Nepal government.

In Assam, there have been many waves of floods since June this year and 19 districts have been severely affected by the floods. According to the official figures, the latest wave of floods have affected 20.68 lakh people in 2424 villages. Besides floods, soil erosion has rendered many thousands of people homeless and displaced.

In Orissa, 18 districts out of the 30 districts have been adversely affected by floods. Heavy rainfall and the opening of the 46 flood gates of the Hirakud Dam swelled the Mahanadi and its tributaries which caused the floods. It is estimated that about 50 lakh people have been affected by the floods. The criminal negligence of the Orissa government and the dam authorities is mainly responsible for this disaster. They have not followed the 1988 guidelines of the Centre Water Commission and not released water in phases that could have reduced the severity of the floods.

The relief provided by the Central and state governments to the flood-affected people in these states is far from adequate. Lakhs of people continue to wage a grim battle against hunger and waterborne diseases in relief camps, makeshift shelters and marooned areas. Several thousands are still languishing in inaccessible areas without food, medicine, safe drinking water, baby foods, fodder for livestock, clothes, shelter etc. Prices of essential commodities are soaring high. The threat of epidemic also looms large over the affected areas.

The relief delivery system is inefficient and corrupt. The Central government and the state governments should ensure adequate relief and appropriate rehabilitation to the flood-affected people as immediate short-term measure. As long term measures, both the Central and state governments should implement scientific water management schemes to control floods and erosion, expand irrigation system, strengthen embankments, de-silting of dams and rivers etc. The Party and mass organisations should come forward to provide relief to the people and to ensure that the benefits of the relief and rehabilitation schemes of the governments should reach the real beneficiaries.

Disruption of Singur Project

The Tata car project in Singur has been abandoned by the company after the failure of the protracted efforts to resolve the problems raised by the agitation led by the Trinamool Congress leader, Mamata Banerjee. At the time when 85 per cent of the work in the Tata factory had been completed, the Trinamool Congress, SUCI, naxalites and others organised an indefinite dharna from August 24. They demanded that 400 acres of land be returned to the farmers who were unwilling to give up their land and take compensation. The actual area of such land is much less – 167 acres. The agitators blocked the main highway and traffic was disrupted for days. The Left Front government avoided a confrontation and urged the parties for come for talks. Three days into the agitation when employees of Tata factory were obstructed from leaving the factory, the company suspended work temporarily. Public opinion in the state was veering around in support of the project going ahead. Despite all the efforts for negotiations and a settlement, the adamant stand adopted by the Trinamool Congress

leader led to a deadlock. The role of the Governor who acted as a facilitator between the two sides was also not impartial. Finally, the Tata motor company decided to shift their plant out of West Bengal and announced the shifting out on October 3.

The obstructionist role of the Trinamool Congress and anti-Left Front combine has damaged West Bengal's interests. For the growth of industry in the state, the Tata plant at Singur was an important project. The acquisition of land and the compensation package was done fairly and the enhanced package should have been the basis for a reasonable settlement. But the tactics of the reactionary opposition is to derail all projects for development in West Bengal, whether it be industrial, or, otherwise. The West Bengal state committee and the Left Front is conducting an extensive campaign among the people, both in urban and rural areas, to expose the disruptive tactics of the Trinamool-led opposition.

It is to be noted that the Congress party has also played a dubious role with Union Minister and PCC President, Priyaranjan Das Munshi, encouraging the disruption and blaming the Tata company. Since the Singur car plant became a national issue, the Party should explain all over the country how the anti-Left gang-up of forces is playing a disruptive role sacrificing the interests of the people and the development of West Bengal.

August 20 Strike

The all India general strike called by the central trade unions was successful in drawing in a large number of workers from different sectors to participate in the strike. In West Bengal, Kerala, Tripura and Manipur, the strike developed into a bandh. In Assam and parts of Karnataka and Orissa, a bandh like situation prevailed. The strike was successful in the financial sector and BSNL. In Bangalore, the strike was near total in major public sector units. In coal mines, over four lakh workers participated in the strike. In the steel industry, the strike was successful in Durgapur and Burnpur but it was partial in other steel plants. A big majority of the state and central government employees observed strike throughout the country. Their estimated participation would be around 80 lakhs. The workers in the unorganized sector went on strike in good numbers. However, the strike action among them was less than the one day strike of unorganized workers on August 8. Since the HMS did not give a strike call in the port and dock industry, only in Kolkata the strike was total and it was partial in places where the CITU unions exist. The Kisan Sabha and other mass organizations also conducted solidarity actions including rasta rok in some places. The strike showed that increasing numbers of workers are being drawn into action against the neo-liberal policies. However, more work has to be done to organize workers in the private sector industrial houses, outsourced and unorganized sector workers.

Political Situation

The image of the UPA government and the Congress has got further eroded in this period. The way the Jammu & Kashmir crisis was handled, the large scale terrorist attacks, the rising communal violence and the

insensitivity towards minorities, failure to tackle price rise and the complete preoccupation with the nuclear deal to the exclusion of the other serious problems facing the country have all further dented the image of the government.

Soon after the trust vote, the Congress party has been taking steps to gear up the party machinery for facing the Lok Sabha elections. The parliament session which was scheduled to be held in August was called off. A truncated session from October 17 to November 20 has been called as a continuation of the July 21-22 session doing away with the Winter session of parliament altogether. This betrays the fear of the government to face parliament. This is because it is unsure of its majority and the difficulties in running the house. By making the next session of parliament a continuance of the July 21-22 session it wants to preclude any no confidence motion being moved. The government also does not want a parliament session before the US Congress considers the nuclear deal.

The Party strongly criticized the government for not holding the Monsoon session of parliament as scheduled from August 11 and calling a combined session by doing away with the Winter session altogether. Leaders of the Left parties alongwith the TDP, JD(S) and BSP went to the President of India to demand immediate convening of the Monsoon session and the holding of a separate winter session.

The Congress has been negotiating with the SP for seat adjustments in Uttar Pradesh. Two rounds of talks have been held and both parties are trying to arrive at an agreement.

The BJP instigated the Jammu agitation with the full backing of the RSS. It has used the Amarnath shrine issue nationally as a grievance of the Hindus for not being allowed pilgrimage facilities for their shrines. After the attacks on the Christian community became too difficult to defend, L.K. Advani has met with the leaders of the Catholic church and sought to convey the picture that the BJP is interested in a dialogue on issues such as conversion.

The BJP is also actively wooing some of the regional parties. The AGP in Assam has decided to ally with the BJP in the Lok Sabha elections. In Haryana, the BJP has decided to tie up with the INLD headed by Om Prakash Chautala. In Tamilnadu and Andhra Pradesh it has so far not succeeded in getting any ally with significant support. It is also working out a tie-up with Ajit Singh's RLD in UP. The assembly elections in Madhya Pradesh, Rajasthan, Chattisgarh and Delhi will be held in November-December. Since three of the states have BJP-led governments, the BJP is striving its utmost to retain power in these states. In Delhi there is a Congress government, but it is widely expected that it will be ousted from office. In the present situation, in the three states where the BJP is in government, we should call for the defeat of the BJP and ouster of their governments and also oppose the policies of the Congress party. Apart from seats where we or the CPI are contesting, we should vote for non-Congress secular parties like the BSP. In Delhi where the Congress government is in office, we should oppose both the Congress and the BJP.

After the trust vote, efforts have been made to work together with the parties who took a stand against the nuclear deal and against the UPA government. The Left parties alongwith the TDP and JD(S) have been working together on common issues. The BSP participated in the joint delegation to the President and the dharna of MPs in parliament on September 25 against the nuclear deal.

In the coming parliament session, we should be vigilant to block any move by the government to push through the legislations for opening up the financial sector which we have been opposing. We should also put up the fight against the passing of the PFRDA bill. Since this would virtually be the last session of parliament before the elections, the Party should demand adoption of the Women's Reservation Bill and the Right to Education Bill which should be suitably modified so that state governments are not asked to bear the expenditure for universal elementary education.

In the last Central Committee meeting, it was decided that in the Lok Sabha elections we should work to defeat the BJP which spearheads the communal forces and follows reactionary economic policies and for the rejection of the Congress which is instrumental in forging a strategic alliance with the United States and follows anti-people economic policies.

The Party should in the coming period take up issues like price rise and the problems of the people arising out of the worsening economic situation. It should step up the struggles for adequate supply of rations, issuance of ration cards and against blackmarketting. The Party should push for the implementation of the Forest Rights Act for tribals and the Rural Employment Guarantee Act.

The Party should conduct a sustained campaign against the communal forces and for protection of the minorities. It should work for a broad mobilization against the Hindutva communal forces. It should also demand firm action against terrorist groups which are indulging in mindless violence. The Party should observe a week against Communalism and Terrorism from October 30 to November 5, 2008.

The UPA government's pro-imperialist policy must be attacked with full vigour. The exposure of the Indo-US nuclear deal affecting India's vital interests, the proposed Indo-US naval exercises in the Arabian sea and the consequences of the growing collaboration with the United States on Afghanistan, Iran etc must be brought out. On October 24, Party units in Kerala, Karnataka, Goa and Maharashtra should hold rallies and demonstrations against the "Malabar" joint naval exercises.