

COMMUNIST PARTY OF INDIA (MARXIST)



Central Committee

A.K. Gopalan Bhawan, 27-29, Bhai Vir Singh Marg New Delhi 110 001

Website: <http://www.cpim.org> email: cc@cpim.org

Report on Current Developments

(Adopted at the Central Committee meeting held on June 09-10, 2012 at New Delhi)

International

Deepening Crisis

In the period since the Party Congress in April, the global economic crisis has deepened. Many of the euro zone countries are going into recession. The US economy has slowed down to 2.2 per cent in the first quarter of 2012 from 3 per cent in the previous quarter. The UK is already facing a double dip recession.

But the worst crisis is in the euro zone. In the 17 countries of the euro zone, the unemployment rate touched a record 11 per cent in April 2012, with 17.4 million persons unemployed. The unemployment rate was 24.3 per cent in Spain and 21.7 per cent in Greece. The future of the euro has become uncertain, with the possibility of Greece's exit from the euro zone looming large. There are widespread fears of banking crises in countries like Spain, Portugal, Ireland and Italy. A bank run in one country can fast spread to others precipitating capital flight. The crisis will deepen in Europe unless the austerity measures are reversed and the financial health of the banks restored through injection of more funds.

Vote Against Austerity

The continuing crisis in the euro zone and the hardship imposed upon the people through the austerity measures are having a significant political impact as seen in the recent elections in France and Greece.

In France, the Socialist Party candidate Francois Hollande won the final round of election narrowly defeating Sarkozy, the incumbent President. He is the first socialist (Social Democratic) President to be elected since 1995. The result should be seen as a rejection of the austerity measures and fiscal conservatism which is advocated by the European Union leadership which

included Sarkozy. Hollande was able to win with the votes transferred from the Left Front led by Presidential candidate Melenchon who got 11.4 per cent of the vote and two other smaller Left group's votes.

In Greece, the Parliament election held on May 5, 2012 saw the stunning losses for the two main parties – the PASOK (Social Democratic) and the New Democracy (rightwing). Both these parties were instrumental in imposing austerity measures as per the diktats of the EU Bank and the IMF.

Except for the New Democracy and PASOK, all other parties were against the austerity measures. A notable feature of the result is the success of the Syriza – a broad Left coalition – which came second getting 16.8 per cent of the votes and winning 52 seats. The Communist Party of Greece (KKE) came fifth with 8.5 per cent vote and winning 26 seats. Since the New Democracy and PASOK together fell short of a majority, they could not come together in order to see that the bailout package is protected. No other party or coalition was able to form the government. Hence the elections are being held again on June 17.

The results of this election will decide whether Greece will remain in the euro zone or not. This, in turn, will have incalculable consequences for the euro zone countries.

While the Left made some gains in both France and Greece, the increased strength of the extreme rightwing parties should also be noted. In France, the National Front candidate Marie Le Pen polled 21 per cent of the vote in the first round, this being the highest ever polled by a National Front candidate in the Presidential election. In Greece, the extreme right, the neo-Nazi Golden Dawn increased its vote by 7 per cent from its previous meager score of 0.3 per cent. Another rightwing party, the Independent Greeks, polled 10.6 per cent of the vote. This is the trend noted in the Party Congress Political Resolution that at times of economic crisis, often rightwing forces gain ground.

The Greek election results have heightened the uncertainty and the chances of Greece exiting the euro zone. This has dampened the stock and financial markets and deepened the debt crisis in Spain and the fear of contagion spreading to Italy and the countries of southern Europe.

NATO Summit

The NATO Summit was held in Chicago in May 2012. The main agenda was the strategy for withdrawal from Afghanistan. Prior to the Summit,

Obama visited Kabul and signed an agreement with President Karzai. This was to provide for continuing the military and strategic relationship after the US combat troops withdrawal in 2014. The nature of the military presence after the troops' withdrawal in the form of maintaining special forces, drones and advisors is to be negotiated through a separate agreement.

The NATO partners were told to stick together and keep their troops till 2014 in Afghanistan. However, the new French President has reiterated France's resolve to withdraw its troops by the end of 2012.

Obama also announced that negotiations are on with the Taliban though nothing has materialized so far. After having spent \$ 450 billion in the military operations in Afghanistan, the United States will not be able to continue with the present military engagement. Public opinion in the United States is against the troops remaining there. The Taliban launched a series of attacks immediately after the Obama visit. The future of the Karzai government and how far its writ will run outside Kabul after the NATO withdrawal is still a question mark.

US Strategic Shift

The United States has decided to shift the bulk of the US navy to the Pacific Ocean to cover the Asia-Pacific region. At present, the US naval forces are in 50:50 deployment between the Atlantic and Pacific Oceans. With President Obama declaring Asia to be a pivot in the US strategy, the Pacific will get 60 per cent of the forces by 2020. The American Secretary for Defence, Leon Panetta, has spelt out a plan on the extra number of aircraft carriers and other warships that would be shifted to the Asia-Pacific region in a strategic conference held recently in Singapore. The Political Resolution of the 20th Congress had noted the US decision to heighten the military presence in the Asia-Pacific region in order to target China.

Syria

The US and the western powers failed to get United Nation's sanction for any form of military intervention in Syria because of the opposition of Russia and China in the Security Council. The Kofi Annan plan was devised after that which included the stationing of UN observers. The resolution for this was moved by Russia and co-sponsored by China. However, the armed rebels are being supported by Turkey, Saudi Arabia and Qatar. There have been bomb blasts organised by the Al Qaeda in Damascus and other places. The US and its NATO allies are citing the violence as a failure of the Kofi Annan peace plan. The massacre in Houla

of 108 civilians, including women and children, is sought to be used to further push for arming of the rebels and for creating safe zones. While military intervention is not feasible, given the fact that the rebels are not holding any large piece of territory, nor is there any major split in the Syrian higher echelons like in Libya, the effort would be to stoke a civil war and try and create conditions for the toppling of the Assad government.

Iran

With the visit of the IAEA team to Tehran and talks being held, grounds were laid for the resumption of P5+1 talks after a gap of two years. The P5 are the permanent members of the Security Council – US, Russia, China, Britain and France; the plus one is Germany. After the first round of talk in Istanbul in April, the second round of talks was held in Baghdad on May 24-25. There was no success in this round of talks. The third round has been fixed to be held in Moscow on June 18-19. President Obama is being pressured to show results in neutralizing the Iranian efforts to enrich nuclear fuel. The Israeli threat of pre-emptive military strike remains in the background. Within the United States, the pro-Israeli anti-Iranian lobby is also exercising strong pressure as Obama faces the run-up to the Presidential election. The US and the EU are thinking of imposing more sanctions on Iran if the talks fail.

Egypt Election

Another important election is taking place in Egypt for the President. This is the first time after the end of the military-backed autocracy that free elections are being held. In the first round of elections, out of a field of eleven, the first two who emerged are the Muslim brotherhood candidate Mohd Morsi with 24.8 per cent of the vote and the candidate of the Military Council and the old regime Ahmad Shafiq who got 23.7 per cent. These two will be contesting in the final round to be held on June 16-17. The candidate who came third was the Nasserite-Left candidate who got 20.7 per cent. It is a good sign that 4.8 million people voted for the Left platform. The polarization between the Muslim Brotherhood candidate and the former Prime Minister of the Mubarak regime leaves the democratic and Left sections with a difficult choice. Efforts are on to ensure that the military-Mubarak regime candidate is defeated.

Nepal

The Constituent Assembly failed to meet the deadline of May 27 for the adoption of the Constitution. In between, an effort was made to form a

unity government with the inclusion of Nepali Congress and CPN (UML) leaders in the government headed by Baburam Bhattarai. The draft of the Constitution could not be finalized as a dispute arose on the basis of the federal structure. The Maoists, the Madhesis and some of the tribal groups want the provinces to be based on the ethnic identity, while the Nepali Congress and the CPN(UML) want the provinces on a broader basis. After elapsing of the deadline for the life of the Constituent Assembly which was upheld by the Supreme Court, the House has been dissolved. There is no interim Parliament or a Constituent Assembly existing now. There is also a dispute about the continuance of the Bhattarai as the Prime Minister and the caretaker government, with the President having ruled that Bhattarai's continuance as Prime Minister is untenable as his membership of the Assembly has ceased. Fresh elections will have to be held for the Constituent Assembly. This is a setback to the peace process and the situation is in a flux.

National

Grim Economic Situation

India's GDP growth slowed down to 6.5 per cent in 2011-12, mainly due to sharp slowdowns in the manufacturing and mining sectors. The agriculture sector grew by 2.8 per cent in 2011-12. Even as economic growth slowed down, annual WPI inflation continued to persist at 7.2 per cent in April 2012, with food inflation touching 10.5 per cent. India's trade and current account deficit has also been widening in the backdrop of a slowdown in exports and high import demand for oil and gold. The current account deficit increased from 2.7 per cent of GDP in 2010-11 to 4.3 per cent in the third quarter of 2011-12.

The Indian rupee has depreciated sharply to over Rs. 55 per dollar, which is a historic low, from around Rs. 45 per dollar a year ago. This is making imports of crucial items like oil and fertiliser costlier. Funds are being pulled out of India by the FIIs, despite the UPA government's desperate attempts to woo them. India's external debt increased to \$335 billion (over Rs. 18 lakh crore) at end-December 2011 from \$306 billion in March 2011 and \$261 billion in March 2010. This sharp increase in foreign debt is on account of a rise in short-term debt and external commercial borrowings, which is increasing India's external vulnerability. Slowdown in economic growth, persistent inflation, widening current account deficit, depreciating currency, capital outflows and increasing external debt, especially of the short-term variety, are pointers to a deteriorating economic situation.

The policy establishment and corporate media are portraying this deterioration as resulting from the failure to push through neo-liberal reforms like allowing FDI in retail and eliminating subsidies on fuel and fertilizers. This is a travesty of facts. Rather, like in the rest of the world, the worsening economic situation in India is a direct outcome of the pursuit of neo-liberal policies. While increasing income inequalities have made the growth process unsustainable, deregulation and concessions for speculative finance and the big corporates are threatening the stability of the financial sector.

Black Money

The same class-biased approach is visible in the Finance Ministry's White Paper on Black Money presented in parliament. Neither has any credible estimate of black money stashed abroad been provided by the white paper nor any concrete measures suggested to retrieve the illicit funds. The white paper reveals that the amounts of undisclosed income of Indians, who figure in the lists of secret bank account holders received from the German and French governments respectively, are Rs. 40 crore and Rs. 565 crore only. This is just the tip of the iceberg. The Indian individuals and entities, which are holding bulk of the illicit wealth in offshore accounts, are yet to be identified. The lack of progress in this direction raises doubts over the sincerity of the UPA government. Undisclosed assets of Indians located abroad should be confiscated by the government as per the provisions of the Income Tax Act.

Petrol Price Hike

The oil companies announced a steep hike in the price of petrol of Rs. 7.54 per litre (including taxes). On the instruction of the government this was announced after the Parliament session was over. This highest hike in petrol price led to protests across the country with the UPA allies of the Congress too coming out against it. The Left parties gave a call for holding immediate protests against the price hike. This was followed up by the call to observe an all-India protest day on May 31 through hartals, picketing, demonstrations and rail and rasta rokos. The NDA also gave a call for an all-India bandh on that day. The bandh was successful in the NDA ruled states and also in Odisha, Assam and Uttar Pradesh. In Tripura, there was a bandh called by the Left Front. In Kerala, a total hartal was observed at the call of the LDF on the next day after the price increase. The protest actions organised by the Party and the Left evoked a good response all over the country.

On June 2, the oil companies reduced the price hike by Rs. 2. This is just a token move as the price of petrol is still higher by over Rs. 5.50 per litre. The Party has demanded a full rollback of the price increase.

Food Stocks

As against the buffer stock norm of 212 lakh MT, the total stock of foodgrains in the central pool has reached 711.2 lakh MT in May 2012. Not only are these 5 crore MT of excess foodgrains stocks inflating the food subsidy bill but much of these stocks are also rotting in the absence of adequate warehousing space. Yet the government refuses to offload these stocks by providing wheat and rice at cheap prices to the vast majority of the Indian population who are poor and malnourished. The government is more interested in exporting foodgrains, even by incentivizing private traders.

Drought Situation

The peasantry is in a precarious condition due to recurring droughts in different parts of the country. Different parts of India are faced with deficient rainfall and drought. Parts of Karnataka, Maharashtra, Andhra Pradesh, Odisha and other states are reeling under drought-like conditions already. Erratic monsoon during the later part of the kharif season may adversely affect productivity. The Central Government and different State Governments are in a state of total unpreparedness and there is no contingency plan in place to meet the situation.

The steps that need to be undertaken are: Interest subvention for farmers' and agricultural labourers' loans, expansion of employment opportunities under MNREGA, opening of gruel centres and provision of free rations, supply of uninterrupted power at cheap rates and subsidized inputs. Stringent deterrent action against hoarders and black-marketeers as well as retailers of fertiliser and seeds must be assured and implemented.

Corruption in Coal Blocks

The CAG has finalized its report on the allocation of coal blocks to various private companies, though the report has not been formally submitted to the government. It is learnt that the CAG has estimated a loss of Rs. 1.8 lakh crore in the allocations. As in the case of spectrum, the allocations of coal blocks have also been done without any open bidding or tender. The Central Vigilance Commissioner has referred the coal block allocations matter to the CBI for investigation. This has been done on the basis of a letter sent by a Member of Parliament before the CAG report came in the public domain.

The coal block allocations have the makings of a major corruption scandal. We should demand a thorough investigation into the matter. Already reports have appeared of some of the companies who are allocated the coal block having transferred it to other entities, or, misusing it.

Punjab: Pandering to Extremism

The SGPC controlled by the Akali Dal decided to erect a monument within the Golden Temple complex in memory of the victims of the Operation Bluestar and to honouring the person convicted for the killing of the then Chief Minister, Beant Singh at the Akali Takht. These steps will provide a fillip to the dormant extremist cause. Secular and democratic opinion should be mobilised against such efforts to pander to the extremist ideology.

US Designs

The visit of the US Secretary of State, Hillary Clinton, to Kolkata and Delhi is part of the continuing efforts by the United States to get India to fall in line with the US strategy. Her meeting with West Bengal Chief Minister must be seen in the context of the US interests in Myanmar and Bangladesh. Hillary Clinton also utilized her visit to Delhi to further pressurize the Indian government to curtail oil purchases from Iran. The UPA government has cut back on oil imports from Iran steadily. In the current year, deep cuts in purchases of oil from Iran have been instituted by the oil companies on instructions from the government. This militates against India's vital need for energy supplies.

The Hillary Clinton visit was followed by the visit of the US Secretary of State Leon Panetta who advocated that India should become a key partner in the US rebalancing towards the Asia-Pacific region. He described India's role as a "lynchpin" in the US's strategy in Asia.

Shimla Election

The CPI(M) won the Mayor and Deputy Mayor posts in the Shimla municipal corporation election. Sanjay Chauhan was elected Mayor with a margin of 7,868 votes and Tikendar Panwar won as Deputy Mayor by a margin of 4,778 votes. Both defeated BJP candidates and the Congress came third. This is the first time direct elections were held for these posts. For the Council, the Party won three seats. It came second in seven other wards.

The victory of the CPI(M) in the state capital and the defeat of the BJP which is in state government and the Congress which was running the

corporation is politically significant. It shows that people will vote for an effective alternative to the Congress and the BJP if it exists.

Congress Party

The Congress Working Committee met after a gap of nearly a year. This itself indicates the “one leader” and coterie style of functioning in the party. Faced with the economic slowdown and continuing inflation, the Prime Minister tried to present a positive picture of the economic condition while acknowledging the present difficulties. The thrust of the meeting in the speeches of Sonia Gandhi and the Prime Minister was to attack the opposition and “those anti-Congress elements” who are making false charges of corruption in the UPA government. This was an extended meeting of the CWC which was attended by the PCC President and leaders of the state legislative parties. The discussions revealed the anxiety of the Congress leaders about price rise, petrol price hike and the corruption charges which are having an adverse impact on the people. The CWC meeting showed that the Congress has no coherent policies to reverse the current economic decline and to take firm action against corruption. Instead, a renewed attempt is being made to push through neo-liberal reforms like FDI in multi-brand retail and the Pension Bill.

The Congress is facing a serious threat in Andhra Pradesh from the YSR Congress led by Jagan Mohan Reddy which is eroding its base and winning over sections of the party. There are by-elections to 18 Assembly seats and one Lok Sabha seat on June 12, 2012. The Congress is fighting an uphill battle to try and retain its seats. The corruption case against Jagan Mohan Reddy and his arrest and imprisonment will not stop the swing in favour of his party.

BJP : Leadership Tussles

The BJP leadership is once more plagued by disunity and controversies. This is a continuance in some form in the disarray in the leadership ever since 2004. The National Executive meeting of the party was held in Mumbai on May 24 and 25, 2012. It served to highlight the interference of the RSS and the differences in the leadership. At the instance of the RSS, Nitin Gadkari got a second term as President. This required an amendment to the Constitution. However, before that, Narendra Modi refused to attend the meeting till his demand for the removal of Sanjay Joshi, another RSS pracharak, from the Executive. Gadkari had to accede to this to get Modi to attend the meeting and to legitimize the amendment to the Constitution paving the way for his second term. Yedyurappa, who has been rebelling at

his non-reinstatement as the Chief Minister in Karnataka, also would not attend the meeting. He was persuaded to do so finally on the second day.

But the most important development was the dissidence of the senior most leader, L. K. Advani. He did not attend the rally after the executive meeting. Subsequently in his blog, he has aired his criticisms about the Gadkari leadership and the way matters were handled in Uttar Pradesh and Karnataka. L. K. Advani is being marginalized by the RSS which has asked him not to aspire for the Prime Ministerial position in the next election.

The BJP which had hoped to use the National Executive meeting to launch a full fledged assault on the Congress-UPA and to build the momentum for the Lok Sabha elections in 2014 had to instead occupy itself with its internal troubles and sorting out the leadership tussles.

Kerala Situation

In Kerala, the killing of T. P. Chandrasekharan on May 4, who had been expelled from the Party four years ago and formed a splinter RMP, has led to a big campaign against the Party orchestrated by the UDF and the bourgeois media. The brutal killing has evoked public anger. This is sought to be directed against the Party. Immediately, in Onchiyam area, 78 houses of Party members and supporters was attacked and damaged; Party offices were also attacked and some comrades injured. The UDF government and the Central Home Minister launched a campaign that the CPI(M) leaders have planned this murder. This propaganda has been kept up in view of the assembly by-election in Neyyattinkara which was held on June 2. More than a dozen Party members and supporters have been arrested including the Secretary on the Onchiyam Area Committee and member of the Kozhikode District Committee. The police are trying to implicate more leaders of the Party in Kozhikode and Kannur districts.

The Kozhikode District Committee and the Kerala State Committee have condemned the killing and denied any involvement of the Party in this incident. However, in view of the widespread accusations against the Party, the Party leadership has stated that if any involvement is there of any members of the Party, strong action will be taken. The Party has strongly asserted that it does not believe in the killing of political opponents.

Our Party cadres have been under constant attack by the RSS gangs and extremist forces like the NDF-Popular Front and by Congress and Muslim League goons. In fact, the Party has lost the largest number of workers and supporters in Kerala. 30 comrades were killed since the 19th Party Congress

in the state. We have to counter the efforts to defame the Party and assure the people that the Party will not brook any wrong trend of elimination of political opponents.

West Bengal

Increasingly the anti-democratic and authoritarian nature of the Mamata Banerjee government became clear when a university professor was arrested on April 12 for forwarding a cartoon strip on the removal of the Railway Minister Dinesh Trivedi. The police also arrested the secretary of the housing society in which the professor resided. This blatant attack on democratic rights evoked widespread protests in West Bengal and in the entire country. Some of the intellectuals, who had extended support to the Trinamul Congress, came out against Mamata Banerjee and the government.

The Chief Minister had earlier prohibited various newspapers from being purchased by the state-run libraries. Any criticism or dissenting voices are threatened by branding them as CPI(M) or Maoists.

In this period, suicides by farmers have continued with the number rising to 53. The attacks on the CPI(M) and the mass organisations are also continuing. The number of those killed belonging to the Party and supporters is 65.

The TMC-led government has amended the Land Reforms Act to allow individuals and companies to acquire land above the ceiling. This has been done with the declared intent of getting more industries but it will open the way to undermine land reforms. The issue of the territorial jurisdiction of the Gorkhaland Territorial Administration (GTA) has led to tensions between the hill people and the tribal people and other sections in the plains.

Movement for Food Security

The Left parties have given a call for conducting a movement for food security and universal public distribution system. The food security legislation is expected to be taken up in the monsoon session of Parliament. The Party has already critiqued the Bill which seeks to continue to divide the people into BPL (priority) and APL (general) categories. The Left parties decided to conduct a countrywide campaign from the grassroots level. This movement will demand a universal public distribution system and no BPL or APL; it will demand 35 kilograms of foodgrains at not more than Rs. 2 per kg for every family per month.

The Left parties will conduct the campaign and launch struggles on the issuance of BPL cards, adequate supply of foodgrains through the PDS and against the diversion of foodgrains from the PDS in the month of July. From July 1, block level demonstrations and protests will begin culminating in state level actions.

From July 30 to August 3, there will be a continuous dharna during the monsoon session of Parliament in New Delhi in which thousands of people will participate. The Party will have to actively work to make this movement a success and ensure a big mobilization of the people at all levels.
