NEW ECONOMIC & INDUSTRIAL POLICIES : STEPS TO SAVE CRISIS-RIDDEN INDIAN CAPITALISM

(The Second And Final Instalment)

LIBERALISATION POLICY—
LIBERAL TO WHOM?

In the wake of the rupee devaluation came the new industrial policy and the new budget placed in the same day in the Lok Sabha which together ushered in a concerted action programme as follows: (i) liberalisation of imports and foreign capital investment policies; (ii) withdrawal of the licensing system excepting some 18 classified items of industry and trade; (iii) relaxation and modification of the control instruments like MRTP Act, FERA or the protection of the SSIs; (iv) increasing privatisation of the profitable PSUs; and (v) withdrawal of governmental subsidies to various sectors of the economy and various sections of the people, etc. According to the Finance Minister and his sychophants, (the big press) India must liberalise her economy to servive the present onslaughts and catch up with the worldwide free trading trend.

Let us see (in more detail) whose survival they have in mind, and then have a glance at the behavioural pattern of world capitalism.

1. Liberal Imports & Foreign Investments: During the early years of independence Indian capitalism wanted to consolidate and develop itself through a protective policy as reflected in the 1956 industrial policy resolution. It then virtually sealed the domestic market to foreign consumerables through high tariff rates and allowed imports through governmental agencies only in respect of some capital inputs like crude oil, machineries etc. and some essential food items. The liberalisation of import policy was afoot since 1966 through a new industrial policy statement following a 36 per cent rupee devaluation, and then went ahead through '70's and 80's.

Since then, there were three categories of import items: (a) restricted list where private import was prohibited; (b) Rep. list where export goods producers were allowed to import some raw materials and technology; and (c) OGL, where any trader could import without a licence. As a result of ongoing liberalisation each succeeding list was getting longer by shortening the previous one. Now, in response to the World Bank's proposed 'strategy for Trade Reforms in India' Rao Government virtually thinned out the restricted list, commercialised the Rep list with the marketing of 'Exim Scrips" and enlarged the OGL for the widest range of foreign venture with a foreign consumers' goods. If some Indian businessman starts joint venture with a foreign company on Indian soil and wants to import related capital goods, machineries and share parts with the foreign capital thus procured or through the foreign partner itself without demanding foreign exchange from the official stock, it will be free to do so without licence under the modified FERA. Infact, in the current year's Union Budget, the Government announced a customs rebate on private imports to the tune of Rs 823 crores, thereby inviting a loss of 745 crores to its income side.

Along with this, the Union Government relaxed the ceiling on foreign equity incase of private foreign capital investmeht in India from 40 to 51 per cent. Mr. Manmohan Singh even wondered during his budget speech what wrong was there in shifting the limit to 100 per cent. (Actually so! If there be no restriction on foreign capital and consumption goods and foreign technology, why not private foreign capital too?)

The Government further argued that it wanted to attract the NRI investors abroad, as if (being Indian and patriotic) they would forget or forego their buisness interests to bring foreign exchanges into this country (and would not pump out resources herefrom.)

It hardly requires to point out that this enlargement of imports as well as increasing influx of foreign capital and technology will hit almost all the domestic manufacturers, particularly the medium and small ones, through uneven competition and raise the production cost of all the import linked industries because of devalution. Moreover, most of the existing industries will use the rising import bill or the need to successfully compete with the foreign rivals as a new plea for rationalisation and reduction of work force to curtail production cost in forms of wage bill and to raise productivity. While big business will be able to readily adjust themselves or enter into partnership with foreign capital and find greater profit - making scope, common working people will be further threatened with price-rise, inflation, unemployment, retren-

(Contd. on page 2)

Observe Great November Revolution Anniversary in a most befitting manner

Movement against anti-people education policy of CPI(M)-led L. F. Government

The 'Siksha Sankochan Birodhi O Swadhikar Raksha Committee' (The Committee to resist curtailment of education and protect the autonomy of educational institutions) has been organising movement against the anti-people education policy of the Left Frant Government of West Bengal from very beginning of the implementation of this policy. The people from all sections of the state, intellectuals, students, youth, women and toiling people participated in the movement in large number. But true to its anti-democratic character, the Left Front Government did not pay any heed to this democratic demand of the people and continued its anti-people education polices like abolition of English language in primary stage, no detention policy upto class V etc.

In order to compel the Left Front Government to change this anti-people education policy, the above named committee organised the mass violation of law by the intellectuals and teachers on October 1, by mothers and sisters on October 3, by the students and youths on October 4 and mass squatting by children on October 10 last.

On October 1, large number of intellectuals and teachers gathered at Subodh Mallick Square and went in procession to Esplanade East where they violated the law and were arrested by the police.

(Contd. on page 6)

Proletarian Era

Organ of Socialist Unity Centre of India
(*Fortnightly*)
Founder Editor-in-Chief:
Comrade Shibdas Ghosh

Vol. 25 No. 5 October 14, 1991
Price : 60 P. Air Surcharge : 5 P.

Nehru's 'Socialism', borrowed from Keynes, only cemented capitalism

(Contd. from page 1)

chment, closure, lock-out, wage freeze and so on

2. Delicensing Scheme: Much fanfare has been created over the socalled licence-permit raj' in the big press. As if industrial expansion had been so far arrested in this country due to the licencing system, and with its abolition and free competition will usher in an era of rapid unhindered industrialisation.

The truth remains that licensing system as such can neither accelarate nor retard industrial growth and expansion which under capitalism depends mainly on the availability of market and other economic parameters. On the contrary, licencing system was adopted by the Indian bourgeois state with a view to minimising anarchy and regional disparity in the growth and distribution of trades and industries. However, with the growing crisis of market at home and abroad, the more powerful and influential capitalist groups started crying for delicensing, so that they could grab the narrow and shrinking strip of market directly through their money power outbidding the smaller and weaker competitors.

In other words, licence or no licence, whatever be the case, it is not going to expedite a rapid industrial development of the country other than giving the big business some fresh scope at the cost of PSUs or SSIs as we shall see immediately. On the contrary, the chaos that would obviously ensue from the unplanned and random investment might rather create the problem of overproduction for Indian capitalism within few years.

3. MRTP Acts Modification: As we already said, the Indian bourgeois state had devised some macro-economic control instruments like the MRTP Act, FFRA etc. to provide different sections of the Indian bourgeoisie with a sheltered regime. Although these instruments had failed to check concentration of capital, growth of monopoly and finance capital, and the unification of Indian capital with international capital, they had at least on the face value some restrictive norms. The big monopoly houses had been for long demanding repeal or modification of the MRTP Act. The Rajiv Government had raised the MRTP limit from Rs. 20 crores to Rs 100 crores in 1985. The Rao Government in its new policy abolished it altogether. It also repealed from the Act the provisions relating to merger, amalgamation, takeover, new establishment, expansion as well as appointment of directors by the monopoly houses.

Its immediate effect will be: the corporate houses, with their huge capital buildup and linkage with the nationalised banks, the financing institutions like LIC, GIC, UTI and the newly set up Mutual Funds, will start buying up many old and new small and big units directly or through equity purchase. It will strengthen their position still further and enable them to exercise much greater control over the price, fiscal and monetary policies of the Central Government.

Secondly, the Government also removed the insulation of the SSI's and left them before the gaping mouth of the monopoly houses in two ways: (a) first of all, through the delicensing scheme, by opening those trade and manufacturing items to the monopolists which were till now exclusive prerogative for the SSI's; and (b) secondly, by allowing the monopolies to purchase equity up to 24 p.c. of the SSI units.

We have already shown why the Indian bourgeois state took a special care of the SSI section which has so far expanded quite remarkably with nearly 4,18 26 000 units in its fold (up to 1989-90). We have seen that in spite of official protection, the SSIs were being killed or maimed one by one, as per the law of capitalist competition, at the direct or indirect assaults of big capital. Many big industries not only interlocked some SSIs as intermediary suppliers by advance contract, but also blocked their capital reinvestment by delaying payments, that is, exacting a 'forced loan'. Moreover, the SSIs are usually compelled to purchase dearer and sell cheaper by the monopoly pressures. This is revealed among others by the fact that out of the total 2 42 584 sick units of our country only 2 011 are big industries, and the rest, that is 99.2 p c. are small ones. The statistics on closure also reveal the same picture.

If a protective regime had endured so much of casualties, what would happen now? The corporate houses, which will have from now on no ceiling on their asset and investment would launch a two-pronged attack on the SSIs—for annihilation or absorption—annihilating them through direct but uneven competition as well as other economic and extra-economic manipulations, or, absorbing them through the purchase of equity and participation in the management-cum decision making.

4. Public Sector units sale out: The new industrial policy declared that the public sector will henceforth confine itself only to 8 strategic areas, and the others so far held will be opened for private sector operation. Moreover, 20 per cent equity of the profitable PSUs will be sold to private hands in the form of 'disinvestment' to raise Rs 2500 crores and meet a part of the current year's budget deficit. The losing units would be gradually wound up or sold out to willing purchasers.

Let us clarify several points.

First of all, let us here elaborate our analysis about the public sector. The Indian bourgeoisie, in the early years of independence, did not want to individually invest in those key industries, like machine and tools, power, mininig and extraction, steel and other metals-cum-matallic products, air-land-sea transport, communications system, ordnance production etc. where capital investment would be much high and the return would come after a prolonged wating. So in their aggregate interest, they transferred this task of infrastructural development to the state which became the largest investor and employer of the country. Now just compare what the new industrial policy document says in this regard: 'In 1956, capital was scarce and the base of entrepreneurship not strong enough. Hence the 1956 industrial policy resolution gave primacy to the role of the state to assume a predominant and direct responsibility for industrial development.'

This role of the state they branded as 'public' and 'socialist'. Nehru, who used to talk of building up a 'socialistic pattern of society' in India, devised the course of a 'mixed economy'—where individualism of the private sector and 'collectivism' of the public sector ran side by side. The economic activities of the two sectors were to be guided by five-year plans.

Our party then recalled the teaching of Engels that a capitalist state by taking over the means of production at its disposal from private ownership does not do away with capitalism, but, on the contrary, intensifies concentration of capital and exploitation of the labourers. [Anti-Duhring]. We also recalled Lenin's observation in his 'Imperialism, The Highest Stage of Capitalism' as to how a modern capitalist state merged its functions with the private monopoly interests giving birth to state monopoly capitalism. On the basis of these teachings, our beloved leader Comrade Ghosh exposed the true class character of this 'Nehruvian Model'. He said that nationalisation of any sector of the economy by a bourgeois state in a capitalist society is not the same thing as socialist ownership over the basic means of productian in a proletarian socialist state. Rather, the organisation of the public sector and the nationalisation of the insurance companies, banks, coal mines etc. are parts of the process to develop, by the Indian bourgeoisie, state monopoly capitalism in India under the given international and national situations.

Now the same burgeois class who already amassed a sky-high stock of capital through the operation of the Nehru-model, are in search of new and larger investment channels. They now want to extend the sphere of the private sector by squeezing the public sector (because the total market is more or less fixed), and lay their hands on the vast productive structure of the PSUs most of which have for their products an assured market as well as a well-knit delivery system. In view of this new aspiration, the Nehru-model has become an anathema to them. Hence they find no use in the erstwhile 'ideology' of putting a 'socialist' label on the PSUs to deceive the people but prefer a new indoctrination to the effect that private sector can serve

(Contd on page 3)

Cry for liberalisation a bourgeoise conspiracy to well-entrench its tooth & clan

(Contd. from page 2)

the people better than the PSUs. The projection and rejection of the 'Nehruvian Model' are both in the same interest, namely to serve the monopoly interests in two different conditions.

Moreover, this easy transition from the public to private sectors, of units capital or area, by a paper declaration confirmed our analysis that these PSUs were not actually public-owned, for the people had no role in ownership, management and decision making. The PSU workers and employees were just as wage-earners and labour power sellers.

FACTS DISTORTED TO MISLEAD PEOPLE

In order to make the people accept the privatisation of PSUs, the official spokesman as well as the big press are playing on a concerted music the public sector is a losing, less productive and inefficient area of the economy, ridden with corruption, surplus manpower and less work, whereas private sector is a flourishing area where competition and service conditions ensure efficiency, productivity and growth. Some bitter experiences of the people with respect to various public utility services under the public sector like power crisis, transports hazards etc. as well as with a sections of the PSU employees due to the absence of the proper sense of right and duty may have added some substance to this otherwise hollow propaganda. Hence some hard facts may be cited here to clinch the issue.

Total investment in the public sector rose from Rs 18,150 crores in 1980 to Rs 99,315 crores in 1990 while its gross profit rose from 4.6 p.c. in the early '70s to 12-13 p.c. now. A probe will clearly reveal that the units incurring losses enjoy quite a small share (less than 4 p.c.) of the total investments. In fact, the losing units are mostly the sick industrial units taken over by the Central Government from the private sector. If the public sector is to be condemned for these losses, it should be condemned for appropriating on its own accounts the losses incurred by a part of the private sector. Secondly, the higher the investment, the higher the profitability, and in some cases the rate of return is more than double the average for all PSUs. If the public sector could be freed from corruption, mismanagement and waste-ful drainage of resources, the profit rate, productivity and efficiency would here become just as high as those of the private sector. Because, despite the differences in nomenclature, the relations and motive force of production are the same in both, namely, those of capitalism.

On the contrary, the private sector also reeks with corruption and malpractices like largescale tax evasion, wage-deprivation (starting from wage cut or underpayment to withholding of payment of bonuses, P.F., gratuities etc.), duplicate or multiplicate book keeping etc.—however, with an effect opposite to that in public sector, namely adding to the profit of the private owners. And for them efficiency, productivity etc. are also welded into a single sacred term—profitability. The real people's interests have nothing to do with them.

Thus we see that all these measures and policy decisions are taken with a view to strengthening the big industrial houses. And the new policy document also did not conceal it when it said, 'The government policy and procedures must be geared to assisting enterpreneurs in their efforts', changing its role 'from that of only exercising control to one of providing help and guidance'.

ARE ALL SUBSIDIES EQUALLY WITHDRAWABLE ?

The anti-people and pro-monopoly character of the new policies were further exposed with the Government decision to cut down all subsidies from this year in the name of fiscal discipline, that is, reducing fiscal deficit from the present 10 plus to 6.5 p.c of the GDP although it received a reverberating applause in the big press, and among a section of academic economists devoid of any sense of duty towards the people.

It is true that subsidisation cannot be a permanent economic instrument for sustaining development. It is also true that fiscal deficit met by the Government by borrowing from the RBI, that is, creating additional paper money, pushes up prices and binds the economy in a vicious cycle of deficit financing and inflation. However, it does not follow that the present alarming level of fiscal deficit is a causal product of the subsidies. On the whole, subsidies form only a small fraction compared to the vast amount of other non-developmental expenditures on defence, police (Central and State), administration, ministerial amenities, interests on internal and foreign debt, etc. which lead to the spiralling fiscal deficit. A wasteful area of subsidies was that offered to the exporters involving nearly one fifth of all subsidies. It not only reduced but sometimes even exceeded actual earnings from exports. As per Comptroller & Auditor General (CAG) reports, the cash subsidies in some cases were like 118, 146 and 250 per cent of the net foreign exchanges earned and in one particularly grotesque instance a Rs 115,000—assistance was given to earn only Rs 4000 worth of foreign exchange. It is only after creating an equivalent situation for the exporters through the rupee devaluation and tax concessions that the Central Government decided to abolish the Cash Conpensatory Scheme (CCS), that is, the subsidies for underpricing the export item in the global market.

Next, consider the military expenditure which is growing at a tremendous pace. If we compare the growth of military expenditure and our budgetary deficit over the years we can easily see that a substantial cut in defence expenditure would immediately relieve the strain on the budget. And this is a proposal now advanced by many academics, and not only by us. Add to this the rising cost of tending the bulky forces of police and bureaucracy, the financing of various luxurious amenities for the central and state ministers, the political and administrative VIPs and even their relatives, for their inland and overseas tours on flimsy grounds as well as for their security arrangements. If Mr. Manmohan Singh could dare even to curtail a good fraction of these wasteful expenditures, he could make a surplus budget.

Similarly, calculate the amount the Central Government affords to lose in the form of tax rebates, concessions, subventions and even tax relief for many of the big business. Even this year, Mr Singh who had donned an aggressive posture to big business by increasing Direct Taxes in his draft Budget proposals, curtailed those by a sustantial amount in the final Budget statements. Moreover, there is the phenomenon of Black Money which in itself is a vast empire runing a parallel economy. All the successive governments, starting from Nehru to Rao, far from containing, went on providing support and incentives to the black money makers—directly through some policies and measures while indirectly by tax reliefs for disclosure of black money. As an economist Mr C T Kurien observed, the economic policies and actions of the Central Government itself in the Eighties 'stimulated' all the 'major sourcess of generation of black money.' [Power of Money—Illustrated Weekly, 13—19 July 1991]. And the matter stood like this : the small income group tax defaulters are punished whereas higher income group tax-evaders are rewarded ! The top elite of this country, comprising the big business, a section of the political leaders, the social high-ups like film stars, the top brass of the defence personnel, defence business agents, etc. not only evades taxes on their incomes but even diverts larger parts of their incomes to foreign banks—the tip of the vast iceberg which came to public notice for a short while during the VP—Rajiv conflicts of 1988—89 ; and which both sides mutually thought better to withdraw from public dispute ! But the Finance Minister did not set his eyes on those areas where from he could, if he honestly meant the economic crisis of our country, fill up the necessary resource-gap in his budget. But this would amount to changing sides which a bourgeois can never do.

(Cont. on Page 4)

Capitalists plot with IMF for staggering profit while millions await terrible fate

(Contd. from page 3)

Hence the attack on all subsidies. But are all areas of subsidies equally important for the country and the people? Abolition of the CCS relieved the central exchequer of one-fifth of the subsidy-bill. Replacement of import of fertilisers by domestic production can save another fraction. Then, it may be noted that the subsidising of prices of the indigenous fertilisers with the consequent low rate of profit is an outcome of the mounting pressure exerted by the rural rich who have emerged as a strong and cohesive subclass within the class of Indian bourgeoisie. In spite of his initial move, the Finance Minister ultimately succumbed to this powerful lobby and retreated from his 40 per cent subsidy-cut proposal to only 10 per cent.

What remained open to attack were food and debt-relief. The rationing system or the public distribution system (PDS) of some food-items like rice, wheat, sugar, pulses, edible oil, as well as kerosene was conceived as a part of relief to the poor people affected by pricerise. In spite of erosion of services in the PDS over the years, and of confining its services mainly in urban areas, it continues to serve the people in some measure. As long as half of the population remains below the poverty line and a majority of the other half continues to live from hand to mouth, subsidies for the PDS as well as for waiving the debt of the poor peasants will remain a public necessity and cannot be condemned as a 'populist' measure.

For a pro-people and civilised government would further extend area and coverage of this PDS and the financial relief to the rural poor. So far, while the Government had taken some relief measures in the name of alleviation of poverty or assistance to the unemployed,—mostly with elections in mind, the fund allotted used to be absorbed in larger proportion by the delivery system, the target-population receiving only a miserable pittance. The vital question in the people's interests was, therefore, to minimise the administrative cost of such popular assistance as well as corruption in disbursement,—not to stop such welfare programmes altogether.

Obviously, the Government which wants to be more and more liberal to the bourgeoisie cannot but be more and more harsh towards the common people!

EXERCISES IN APOLOGETICS FOR CAPITALISM

While adopting all these measures the Government and the press are trying to deceive the people with a kind of theoretical apologia, that is, free enterprises, privatisation and competition are new slogans reflecting a new trend in the world's economic thinking, whereas all concepts and tools of control like licence, state regulations etc. are backdated. So, we think, these questions too should be briefly dealt with here.

Contrary to the propaganda matter, free trade, free enterprises and free competition characterised capitalism as a world social force in its earlier, laissez faire stage which is now a matter of long bygone past. At that time, despite the slowly rising role of extra-economic forces like tariff etc. market forces operated freely, or so to say, supply-demand-price and income determined one another through free competition and mutual interaction. The state used to play only the role of an arbiter in the inter-capitalist rivalry and protector of capitalism from people's agitations as well as the territorial integrity from foreign attack. Since the 1870's, however, as brilliantly exposed by Comrade Lenin, capitalism entered the stage of monopoly and finance capital where handful of giant corporations of industries and banks became the masters of the economy as a whole. As a result, competition, instead of determining economic factors, began itself to be determined by the economic manoeuvres of monopoly. Even bourgeois economics had to coin new phrases—'imperfect competition' or 'monopolistic competition' to describe this feature.

Anyway, with the rise of these giant monopolies having accumulated enormous volume of capital, at a time when the world capilalist market had been more or less captured by them, appeared the problem of fresh scope of investment crisis, or business-cycles which were of periodic nature turned into chronic or general crisis. The two major groups of imperialist powers fought among themselves two world wars with the view to repartitioning the world market- resulting in, however, still worse consequences for them.

At this period of graver crisis under monopoly, capitalism elevated the role of the state from an arbitrator and administrator to an active agent in the economic operations. Particularly, in the aftermath of the Great Depression of 1929-34, the bourgeois economist J M Keynes, in order to save capitalism from its inevitable doom, frankly advocated for state intervention in the economic affairs, in the form of government subsidies in some 'welfare' measures so as to increase the income level of the ultimate consumers, enhancement of interest rate to promote savings, purchase-cum-sale of some commodities by state, etc. Roosevelt's 'New Deal', British Labour Party's 'Socialism' etc. meant nothing more than this Keynesian state regulations of the economic activities.

These control measures, then glorified as a 'welfare programme' rescued capitalism for the time being. As soon as the capitalists felt to have passed over the grave period of the crises, they started pressing for decontrol the world over. The bourgeois states also, under the overweight of inflationary growth, fiscal deficit and negative trade balance etc wanted to reduce some of the state expenditure. Hence the cry for liberalisation, as evident from the rise of Thatcherism in the UK, Reganomics in the USA, Kohl's policies in the FRG etc. So these are the actual 'global' tendencies that Indian capitalism has already inherited or is trying to do.

Even then, this liberalisation programme did not mean a return to the pre-20th Century free competitive capitalism, but a mere replacement of some state regulations by direct monopoly control. A group of bourgeois economists like Freedman, Samuelson etc. who opposed Keynesianism with a plea for free trade and competition, actually proved themselves to be apologists of modern crisis-ridden monopoly capitalism.

With the onset of these new measures, however, world capitalism far from booming, began to show distinct signs of decline, and recessions visited the world capitalist system much more frequently than before. Industrial production and GDP in all the big imperialist countries declined sharply over the years, while unemployment rose up steeply.

Even this year, as an IMF study called 'World Economic Outlook' projected, that world industrial output growth rate which was only 2·1 per cent in 1990 would further slow down to 1·2 per cent in 1991. For the developed capitalist countries, the figures came down from 3·4 in 1989 to 2·5 in 1990 and is estimated to decline to 1·3 this year. This study also noted that while the UK and the USA were 'well into recession in 1990, Japan and Germany were expected to slow down later in 1991'. It projected almost zero-growth for the economy of the USA and two percentage points loss for Japan and Germany. [The Telegraph—24 July 1991].

Under these circumstances, naturally, these traditional imperialist powers are also trying to make further inroads into the economies and markets of the third world countries in the form of direct investment, technology transfer, loan tied with supply in development projects, and so on. Hence they are also pressurising these countries through bilateral trade arrangements, diplomacy as well as IMF-World Bank manupulations, to open up their market, while they are themselves, despite all talk of free trade, competition and globalisation, imposing barriers around their own home market. The urge of the Indian big business and the need of the big imperialist powers seem to coincide at this moment.

IMF-WORLD BANK & INDIAN CAPITALISM

It is in this background that we have to adjudge the role of the IMF and the

(Contd. on page 5)

Expose Pseudo Lefts' & Bourgeois Parties' Politics of Concensus

(Contd. from page 4)

World Bank vis-a-vis that of the Indian bourgeoisie behind the new economic policies and measures taken by the Government. The IMF and World Bank are not any charity organisations but the financial prongs of the big imperialist powers to penetrate into, and even control, the internal economy of the backward countries. The IMF pays loan for adjustment of external trades bill in foreign exchanges in terms of SDR-transfers, whereas, the Bank gives loan for development and construction projects in terms of capital goods, technology, consultancy etc. Although the Fund and the Bank offer loan at a lower interest rate than commercial borrowings from the open market, they always impose some conditions on the debtor countries, which often amount to structural changes of their economies, and disburse the loans by instalments subject to their supervision and and satisfaction that the conditions are fulfilled. Naturally, once a country takes loan from them, the financial problems it tries to solve therewith get further intensified and it is compelled to take more loan, now partly to meet those problems and partly to pay back the loan, and so on. This is what is known in modern economics as 'Debt Trap', or, as a witty scholar called it ; 'from debt to death'.

The spokesmen of the Central Government are trying to shield this disaster from the eyes of our people with oftrepeated references to South Korea, while they keep silent about the fate of dozens of other countries that had gone for IMF loan. The fact of the matter is that South Korea's is an exhibition economy ('not for sale') reared and protected by the US and other imperialist powers to serve as a military-political base as well as a consumerist propaganda centre around the people's democracies of China and North Korea ! Even then, the South Korean people did not gain but lose under the affection of imperialism. As regards the other countries, study reveals a universal picture of decline in all respects of economy with the operation of the IMF recipes, and more particularly the people's real income—an area where S. Korea also was no exception ! Some backward countries like Jamaica and Tanzania were compelled to turn back from the IMF after a few years' bitter experience. With the present conditions of our economy, Brazil or Mexico seems to be model we shall be led to, unless the Government stops begging from the IMF.

Now, in view of this wellknown experience, it may be asked, why do the Indian bourgeoisie go to the IMF? Here we must keep in mind that they did not go to the IMF this time suddenly nor are the new measures of liberalisation something accidental. Those who are criticising the Central Government for 'selling out' the country's 'economic sovereignty', 'national sovereignty' to the IMF by acquiescing in its pressure towards economic reforms, therefore, fail or refuse to see the real, the deeper issues behind it, relating to who are responsible for the present crises and who bear the major brunt of the crises. As it has been reported, the caretaker Chandra Sekhar Government had already started the negotiation with the IMF authorities for a substantial loan, and the Rao Government has merely completed the job. And right from Indira Gandhi's time whenever the Central Governments took loans from the Fund or the Bank, they draped a veil of secrecy around the details of the agreements and conditions, and kept all relevant documents beyond the knowledge of the people and the Parliament. This is the Indian kind of democracy; the Parliament which is supposed to argue over and approve the budgetary provisions on foreign loans, is kept in the dark other than the amount.

Thus both the Indian state and the IMF authorities were busy in interaction for a long time past over the sanction of the loan, its size and instalments as well as the conditionalities to be attached. As it has been observed in a weekly, 'the Indian Government adopted a sufficiently vague position on various UN Security Council resolutions, and allowed refuelling facility to the US military aircraft during the Gulf war as 'a part of smart diplomacy', while the IMF also 'expedited' the whole business 'in record time' and 'modified the CCFF norms to accommodate India'. [Mainstream, 27 July 1991]

On the other hand, irrespective of Fund and Bank conditionalities, liberalisation of the economic, industrial, trade and import policies had become an agenda in the governmental programme since long past. Under Indira and Rajiv regimes it went on in rapid strides. Import bill and debt burden mounted on the shoulder of the people whereas private corporate sector went on amassing huge profit having received not a slightest scratch due to inflation, price-rise, BoP crisis etc. Privatisation of the PSUs also went ahead under various covers and schemes. Attempts were also made from time to time to codify the liberalisation into an official document. Even the last Janata Government of V P Singh, the friend of the CPM-led Lefts, had drafted an industrial policy resolution more or less in the same line as that of the present Congress (I) Government, seeking similar loans from the IMF and proposing similar privatisation and liberalisation. Because the Indian bourgeoisie had been pressing for it. Thus although they ran for IMF loan to rescue the capitalist economy from the present crises, and the IMF also took the chance to exert its pressure in the interests of the big imperialist powers towards greater liberalisation of the Indian economy, all the measures to that effect adopted by the Indian state are well calculated designs of the ruling class to save Indian capitalism, no matter what happens to the people.

That is precisely why they do not bother about the questions of 'national sovereignty' or 'economic self-reliance' of the country. The Indian bourgeoisie have given birth to monopoly and finance capital, started exporting not only consumption goods but capital to foreign market and thereby assumed imperialist character. Exposing the cosmopolitan nature of this Indian capitalism, the Thesis on National Situation adopted by our party, the SUCI, at its First Congress in 1988 observed : 'The highly centralised finance capital thus developed by the Indian monopolists has become a partner, albeit junior partner, of the international trust and cartel, the international organisation of the monopoly finance capitalists of different countries—a clear indication that the Indian national bourgeois class has, in course of its development...lost its national character and has acquired in its place an imperialist character. **The aspirant character of the Indian bourgeois class could also be proved in the very nature of partnership of the Indian monopolists with foreign monopolists in the home market. True to the imperialist character of finance capital, the Indian monopolists also consider the home market a part of the world capitalist market.** [Emphasis added, Ed, P. Era] So the old concept of national sovereignty—apart from the territorial-political control of the country—has lost all appeal to them. They enter into agreement with the other, their senior, imperialist partners even on humiliating terms if it secures some market for them abroad or some advantages in the domestic front.

As an economist Mr T C Kurien pointed out : 'Though frequently summarised as 'liberalisation', the new package had several aspects to it. The economic policies of the preceding decades... had led to an unprecedented accumulation of wealth and increased incomes for a very small segment of our population—a mere 10 to 15 per cent that comprised the top groups in industry, agriculture, trade and professions. ....The new economic strategy was to let the purchasing power of this group determine the direction and thrust of growth.... The government's role in the new pattern was not merely passive, it actively aided and abetted it, and it did so in different spheres... The high volume of purchasing power thus generated—both legal and illegal —and its unequal distribution have led to competitive biddings all over the economy. For a while they were matched by an increase in goods, thanks to an increase in production in different sectors and to the import surplus that was maintained throughout the decade.

(Contd. on page 6)

Unleashing a united resistance movement —the only wayout

(Contd. from page 5)

'But towards the end of the decade, the situation began to change. Industrial production experienced a big setback in '89-'90. The consumer durable goods industries which had exhibited, on an average, an uninterrupted high annual growth ranging from 8 to 22 per cent from '80 to '89, faced a precipitate fall in their growth rate to just 1·9 per cent during '89-'90" [Power of Money —Illustrated Weekly, 13-19 July 1991];

In face of this drastic contraction of prospects in the home market, the Indian monopolists are now frantically seeking foreign market for fresh investment. It has become necessary more in view of the changed international political, and therefore, economic relations as noted in the press. '[Till now] between 15 and 20 per cent of India's exports have been going to the Eastern bloc, three quarters of them to the Soviet Union. So there would be significant disruptions. Aside from the demand from the Soviet Union, the ruble-rupee rate had evolved in a way that many of these exports were not so profitable from the point of view of the Indian economy ; so there might have been a conscious decision to start finding alternative market resources. To find new markets in the short run was going to be a major challenge." [Times of India, 13 September 1991].

However, the Indian bourgeoisie know, they will have to face a stiff competition with the multinational corporations of the traditional imperialist countries in finding fresh rooms in the foreign market. So they are trying to enter into long term relation with the foreign companies by further opening Indian market to them, in order to have some share in the global market. The new industrial policy resolution, in fact, could not but spell-out this class desire in simple enough words ; 'Promotion of exports of Indian products calls for a systematic exploration of world markets, [for which] the government will encourage foreign trading companies to assist us in our exporting activities. Attraction of substantial investment and access to high technology, often closely held, and to world markets, involves interaction with some of the world's largest international manufacturing and marketing firms.'

In order to meet both these objectives—greater exploitation of the domestic market as well as fresh ventures abroad—they require continuous upgradation of technology, reduction of wage cost, readymade basic infrastructure as well as a readily available delivery system at their disposal. This is wherefrom the urge for liberal, import generous invitation to foreign capital, greater privatisation and all other accompanying measures is being created. This is why the Central Government is trying to meet all these demands of the big business even at the cost of sucking out all resources of the country's economy and further pauperising the poor countrymen. Thus the present Congress(I) Government launched the savage most ever attack on the toiling and exploited people of our country in order to serve the Indian monopolists and save Indian capitalism. No doubt, the BJP, the party of the bourgeoisie will lend support to this out and out anti-people and pro-monopolist industrial and economic policies of the minority Congress (I) government. But the parties like the CPI(M) and the CPI which are crying hoarse against the industrial and economic policies of the Congress (I) government did not oppose the policies in parliament and did not vote against the government. Only after the end of the parliament session they called for a rally at the Boat Club three months after and they are contemplating Bharat Bandh two months later after the Boat Club rally. This is only to hoodwink the people while they are actually practising the politics of concensus and understanding with the minority Congress(I) government to serve the interest of the capitalist class. All these hypocrisies must be exposed and we call upon the rank and file members of the parties to seriously ponder and put effective pressure on the leadership to change this politics of serving the capitalist class.

In fine, we call upon all sections of the people including all Left and democratic parties and forces to unite and launch countrywide movement to resist this anti-people industrial and economic policies of the central Congress(I) government.

PEASANTS' RALLY IN KORAPUT

KORUKONDA, Orissa

On 20-9-91 a massive rally and demonstration was held at Korukonda Block in the district of Koraput, Orissa on behalf of All India Krushak Khet Mazdoor Sangathan (AIKKMS), the peasant front of SUCI. More than one thousand tribal people gathered before the Block Office to press their demands before the Block Development Office. The office was called by the people who handed over a memorandum containing the main demands. After that a meeting was held in front of the Block Office gate. It was addressed by Sadasiva Das, District President, AIKKMS. In course of his speech he called upon the oppressed people to wage militant mass movements in order to fight corruption, exploitation perpetrated in collaboration with the administration and police. Sri Bhimsen Karastha, ex-Sarpanch and Braja Majhi spoke among others.

KARNATAKA

Students Snatch Victory

Against countless problems in the field of education in Karnataka students had been fighting since long. As the climax the DSO called upon for a students march from Chikka Lal Bagh to Vidhan Soudha on 18th Sept. Students came from all over Karnataka, and starting from the gathering place, crossing important spots of the city, they reached Cubbon Park, reverberating Bangalore with slogans and astounding people with discipline and vigour. A meeting was held here.

Comrade K Uma, State Secretary, AIDSO, presided. Comrade B R Manjunath, State President, was the main speaker.

The others who spoke were Comrades Bhagavan Reddy, Gulbarga Dist. President, M N Sriram, Bangalore Dist. President, L Somshekar, Bellary Dist. Secretary, Shashidhar, Mysore Dist. Incharge, Praveen, Tumkur Dist. Incharge, Anjaneya, Raichur Dist. Incharge.

A delegation led by Comrade B R Manjunath met Sri Veerappa Moily, Minister for Education. The Minister agreed to withdraw the proposal of curtailing buspass facilities, to provide revaluation facilities in preuniversity and polytechnic courses, to make a comprehensive programme to provide hostel facilities; to raise the income limit to Rs 10,000 and agreed to raise it further following a scientific evaluation regarding fee cocession, to provide school text books timely with existing prices, to restrict the collection of capitation fees (besides the exorbitant tuition fees) and agreed to insist the managements to allot the sits on the basis of merit, to conduct elections to the academic bodies of all universities.

This was a historic students' movement in Karnataka both in its magnitude and achievement. This was the first time that a student movement had achieved almost all the demands made by it.

Movement against anti-people education policy

(Contd from page 1)

On Oct. 3, mothers & sisters in thousands gathered at Subodh Mallick Square and courted arrest at Esplanade East.

On October 4, Students and youths in large number went in procession from Calcutta University Lawn and courted arrest at Esplanade East.

On October 10, a large number of children participated in the squatting at Esplanade East from 12 noon to 4 P.M.

It is curiously noted that all the local newspapers suppressed the news of the movement despite the fact that the spontaneous participation in a massive way by intellectuals, women, youth, students and children proves to the hilt the massive support to the movement.

EDITOR-IN-CHIEF : COMRADE NIHAR MUKHERJEE
Edited & Published by Sukomal Das Gupta from48 Lenin Sarani, Calcutta-700 013 and printed by him at Ganadabi Printers and Publishers Private Limited 52B, Indian Mirror Street, Calcutta-700 013.