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Clarion call of Comrade Nihar Mukherjee on the eve of the Second Congress of our beloved Party

In May 2005, the Central Committee gave a call to all the state committees and the state organizing committees to release an intense struggle for Revitalisation and Consolidation of the Party, its frontal organisations and Komsomol. Actually, Revitalisation and Consolidation of the Party and its frontal organisations is a continuous process in a Communist Party. But occasions arise when the situation demands intensification of this struggle. During the period of 2005, the position of our Party was such that, both in international as well as national spheres, it was poised to play a distinguished role in organizing anti-imperialist peace forces of the world with a view to developing, on one hand militant, anti-imperialist peace movements, and, on the other, mighty democratic mass movements within the country against the growing attacks of the bourgeoisie and the anti-people policies of the governments at the Centre and in the states. This could be done only by releasing an intensive struggle involving all the leaders and cadres, covering all aspects of their life to develop their ideological, political, ethical, moral and cultural levels as well as by consolidating the Party bodies at all levels on a higher plane.

For conducting this struggle an elaborate guideline was provided by the Central Committee in the two

booklets titled 'On Revitalisation and Consolidation movement' and 'Imbibe the teachings and great life-

struggle of Comrade Shibdas Ghosh' published in May 2005. All the states initiated this movement with vigour and great enthusiasm. Some of the states could achieve many of the targets set by them in course of this struggle; some states slowed down or gave up the struggle after a period, while some others though few in number could not carry out this struggle almost from the very beginning.

This struggle for Revitalisation and Consolidation was viewed to be concluded before the party goes for its Second Congress. In other words, this was a struggle to uplift the Party as a whole in all fields to such an extent before the Second Congress that it would acquire necessary

competence, both ideological and organizational, to conduct people's movements both at national and international planes which are warranted by the ever developing complicated situation. However, because of assembly elections in some of the states including Delhi, intensification of second phase of Singur movement in West Bengal and the 15th parliamentary elections, the Party Congress had to be postponed to November 2009.

As we said many a time, the recent crisis which has engulfed the capitalist countries of the world is not merely a financial crisis but an unprecedented crisis of world capitalism, that is of the capitalist

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Government claim of drop in Inflation is accompanied by soaring price line

Where lies the mystery

Statistics released by government of India shows that annual rate of inflation, calculated on a point-to-point basis, stood at minus 1.61 per cent for the week ended 6 June, 2009 as compared to 0.13 per cent in the previous week ending 30 May and 11.66 per cent during the corresponding week of the previous year. Naturally, as per bourgeois economy, this ought to have been reflected in a sharp drop in the general priceline of essential items giving a great relief to the common people reeling under unabated price spiral. But, queerly indeed, such is not the case. Prices of essential commodities are on an unprecedented spiral making people plagued by a steady decline in income due to mounting job loss, unemployment, wage cut and distress sale of agricultural produces

bleed white. They are baffled as to why is such apparent contradiction between theory and reality. While the spokespersons of ruling Indian capitalist class are focussed on suppressing the real issue under jugglery of words and jargons, we need to bring to the fore the actual state of affairs so that people at large can have an idea of the bourgeois chicanery.

Glimpse of objective reality

In India, inflation is calculated based on Wholesale Price Index (WPI) unlike most countries who use the Consumer Price Index (CPI) as a measure of inflation. Government itself admits that while WPI has increased on a week on week basis by 0.1%, there is a sharp 0.6% increase in the prices of food articles. For example, as per official version,

food articles were costlier by 8.7 per cent from the comparable week last year as pulses moved up over 21%, cereals 13.5%, meat, eggs and fish by 11% and fruit and vegetables by 10 per cent. In other words, food items are 6 times costlier than rise in WPI. It does not require any pedantry of economics to understand that common masses are not concerned with WPI but with the retail prices at which they purchase goods from the market. So, if the retail market continues to soar, people find their misery and predicament multiplying despite much-trumpeted fall in inflation rate to 3-decade low. But, the protagonists and policy makers of capitalist economic system prevailing in the country are unfazed. "It is not a cause of concern whatsoever," Planning Commission Deputy Chairman Mr Montek Singh

Ahluwalia said, "This is not a matter of crisis." Manmohan Singh, our "economist" Prime Minister, preferred to keep mum over the issue while exuding customary confidence of "India achieving a economic growth rate of 8-9 percent, even when the world grows at a lower rate" but only remarked that, "Much ground has been covered, a lot more has to be done." It is obvious that increased suffering of the people is not a matter of concern for the henchmen of the oppressive ruling bourgeoisie as their agenda is altogether different— ensuring prosperity of a handful of rich at the cost of the millions of poor and have-nots and project this aggrandizement of the few rich as economic growth. And in doing so, they have been merrily indulging in projection of a

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INFLATION

Surfeit of counterfeit theories to justify glaring aberration of capitalist economy

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falsified picture of objective reality or justify the manifest aberrations under glut of newly-fangled economic theories that often are at wide variance with the basic postulates of bourgeois economy.

Concept of Inflation — going a little beyond

Take for instance the very concept of inflation. According to the classical definition contained in any text book of bourgeois economy, inflation is defined as a sustained increase in the general level of prices of goods and services or to be more exact, as an increase in the price of a basket of goods and services that is representative of the economy as a whole. Because inflation is a rise in the general level of prices, it is intrinsically linked to money, as captured by the often heard refrain “Inflation is too many rupees chasing too few goods”. When there is inflation, the currency loses its purchasing power. For instance, let us assume that one can purchase 10 shirts by paying Rs 100 in the current period. If the price of shirts double in the next period, the same Rs 100 will be able to buy 5 shirts. According to its magnitude, it can be grouped into different types: creeping, running, hyperinflation, and deflation. To understand how this works, let us imagine a world that only has two commodities: Wheat growing through cultivation, and paper money printed by the government. In a year where there is a drought and wheat production is less, one would expect to see the wheat price rising, as there will be quite a few rupees chasing very little quantity of wheat. Conversely, if there is a record harvest of wheat, one would expect to see the wheat price falling, as wheat sellers will need to reduce their prices in order to clear their inventory. These scenarios are inflation and deflation, respectively, though in the real world inflation and deflation are changes in the average price of all goods and services, not just one.

On the other hand, we can have inflation and deflation by changing the amount of money circulation in the system. If the government decides to print a lot of money, then rupees will become plentiful relative to wheat, just as in our drought

situation. Thus inflation is caused by the amount of rupees rising relative to the amount of wheat (take as metaphor of goods and services), and deflation is caused by the amount of rupees falling relative to the amount of wheat. So, deflation is defined as a persistent decline in general price levels, often caused by a reduction in the supply of money or credit and it occurs when the inflation rate falls below zero and stays there for a sustained period. Most economists agree that there are two possible causes of inflation. The demand pull and cost push inflation. Demand pull inflation occurs due to excessive demand for goods and services and cost push inflation results from an increase in the cost of factors of production or a decrease in the supply of goods with demand remaining the same.

Going by the above concept, we ought to be now in a deflationary situation where supply of money is curbed because people curtail their spending (delay spending in anticipation of further fall in prices) or hesitate to invest and credit is restricted. But that is not the case. Why? The bourgeois economists have a ready made answer. Their argument is that inflation refers to the change in prices, and any positive rate of inflation, however low, indicates that prices are rising. So even if the inflation rate is coming down, it does not mean prices are coming down, it only means that prices are increasing at a slower rate than before. Hence, their ‘prudent’ advice is not to confuse a decline in inflation rates with a decline in prices. If prices themselves actually come down, then that, as per their view, is deflation. At the same time, they sound a note of caution by saying that deflation is bad. Because, they hold, since the price of goods is falling, consumers tend to delay purchases until prices fall further. This, in turn, leads to lower production, which causes lower wages and demand, leading to further decrease in prices. The obvious fallout of deflation is unemployment. This, they call, the deflationary spiral, or vicious cycle.

The third theory is of stagflation. The simple definition of stagflation is a “stagnant economy coupled with price inflation”. Normally, as per bourgeois economic theory, if there

is more money in circulation (inflationary stage), there will be more demand for goods. So production will get a boost and inventory released at a faster pace. But now it is found that while inflation is on the rise, there is recession or stockpiling of produced goods (stagnation in economy) denoting drop in demand which can only be attributed to plunging purchasing capacity of the people. And if there is recession, there is curtailment of production leading to closure of industries. So job loss and unemployment mount. This is exactly what we see in the crisis-ridden world capitalist system today. Stagflation has most swear effects on consumers as goods and services become expensive and unemployment robs them of income. Moreover, as per general formulations of bourgeois economy, the government is expected to restrict credit to combat inflation. But to the contrary, we have seen that to boost demand of stockpiled goods, the bourgeois governments particularly in the advanced western countries lavishly offered loans at usurious interest to the common people reeling under falling purchasing power because of depleting income. As a result of this reckless credit drive particularly in the housing sector coupled with massive speculation over securities based on housing mortgages, US is now grappling with an unprecedented sub-prime crisis impact of which is badly felt in all other countries in the globalized capitalist economy. Incidentally, Milton Friedman, the American economist who coined the word ‘stagflation’ had observed in course of expanding his ‘Quantitative theory of Money’, a hoary, yet simplistic account of the process of price level formation, that as for the unemployment generated by the depressions, a certain level of unemployment was “normal” and would even be useful in keeping labourers on their toes. Friedman was also apt to sneer at the Keynesian economists because he believed that policies favoured by them would only prove inimical to individualism and libertarianism and usher into existence of an anti-capitalist state. John Maynard Keynes, it may be added, was a British economist who repudiated

classical Say’s law that “supply creates its own demand” and during the great depression of the 1930’s advocated activist economic policy by government to stimulate demand in times of high unemployment, by providing some source of income to the common people. Keynes argued that government policies could be used to increase aggregate demand, thus increasing economic activity and reducing unemployment and deflation. But now, modern bourgeois economists argue that Keynesian economics can result in stagflation, the combination of low growth and high inflation

Manipulations in calculations

It is clear that the bourgeois economists can not offer any clue as to what is causing the classical concept of the relationship between inflation and price movement to be incongruent with the reality of capitalist economy today. Because, the cause of these aberrations lie in the very operation of capitalist economy — a fact they can hardly confess before the people. So they take recourse to a host of trickeries, surfeit of counterfeit arguments to explain the apparent contradictions in the very formulations of capitalist economy that has now entered into moribund stage obstructing social progress by putting fetters on the production system. The calculation of inflation in India is a case in point.

As the saying goes, statistics are like lamp-posts in the night. Drunks use them to support themselves. The sensible use their light to find their way. In India, as we have stated earlier, inflation rate is calculated based on WPI which is the price of a representative basket of wholesale goods. It focuses on the price of goods traded between corporations, rather than goods bought by consumers, which is measured by the Consumer Price Index. The purpose of the WPI is to monitor price movements that reflect supply and demand in industry, manufacturing and construction. So, WPI does not properly measure the exact price rise an end-consumer experiences. Moreover, more than 100 out of the 435 commodities included in the Index for WPI calculation have ceased to be important from the consumption point of view. For

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Clarion call

Post-Lok Sabha poll situation offers unique opportunity for speedy growth of our party

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system itself. So it is not a crisis affecting the financial sector alone. It is an all-embracing crisis reflected in all aspects of life – economic, political, social, ethical, moral and cultural. The bourgeois theoreticians and economists are clueless as to how to stave off the crisis. The working people round the world from their life experience of the catastrophic impact of the crisis in the form of mounting recession, job loss, squeezing employment opportunities, sky rocketing of general price line and above all, total insecurity of life, are becoming more and more disillusioned about capitalist system. Many have realised the fact that capitalism has no future and its doom is inevitable. Working class movements are surging forth in all the capitalist countries, advanced or backward. This, of course, has been helping restoration of the confidence of the working class and other exploited in the correctness of Marxism and as well as in scientific socialism. This, no doubt, has created a very favourable condition for reviving the world communist movement. Since our Party is guided by the great thought of Comrade Shibdas Ghosh, which is the elaborated, developed and enriched understanding of Marxism-Leninism in the given context of world situation and its various complexities, it obliges our Party to take up this noble task in right earnest. Particularly after the first historic Anti-Imperialist Conference in Calcutta in 2007 and then the second International Anti-Imperialist Conference in Beirut, organized mainly at our initiative, in which representatives of 66 countries of the world participated to make it a grand success, this obligation of ours demands to be discharged with due importance. These two conferences particularly the success of Beirut Conference has opened up immense scope for growth of a global mighty, militant anti-imperialist and anti-war peace movement which can be made conducive to the development of a world communist movement. This also obliges the Party to fast develop, both ideologically and organizationally, to keep pace with the growing world anti-imperialist movement.

In the national sphere, ruling Indian capitalism being an inseparable part of crisis-ridden world imperialism-capitalism, it is engulfed in acute crises covering all aspects of life. Soaring price line of essential commodities, continuous retrenchment of workers in large numbers, growing unemployment both in rural and urban sectors, withdrawal of subsidies and galloping price escalation of all inputs in agriculture, menacing cultural degeneration, complete destruction of education system, etc., have made the life of the toiling people miserable beyond endurance. People are desperately looking for solutions to these burning problems. None of the self-styled left parties including pseudo-Marxists like the CPI (M) and CPI is taking up any of the people's issues and building up movements based on that. On the contrary, all these parties in whichever state they are saddled in governmental power, are only pursuing pro-capitalist anti-people policies and brutally suppressing people's struggles. Glaringly, the people are losing confidence in these parties—a fact vindicated by the results of the recently concluded parliamentary polls in which they faced a crushing defeat. Even, in the states like West Bengal or Kerala where the CPI (M) and its associates are running the governments, there is marked drop in the percentage of votes polled by them. No doubt, the fall in the polling percentage might have been due to, among other factors, the very dull situation and a kind of apathy towards politics created by the adverse effect of the most restrictive rules and regulations arbitrarily imposed by the Election Commission. But, the most important reason for this noticed fall in polling percentage is the feeling of dejection growing about these parties among the common masses. They were loath to vote because they did not find any party worthy to be voted. So, many did not exercise their franchise. However, the vote-seeking parliamentary parties including the pseudo-Marxists resorted to massive distribution of money, indulged in violence and widely fomented casteist-communal-regional-parochial and such other divisive mentalities to secure votes in

their favour.

On the other hand, reports from the different states show clearly that while the people have been fast losing trust on these parties including the so called communist parties like the CPI (M) and CPI, appreciation for and confidence in our party are growing rapidly. This situation has not developed overnight. It is the outcome of the very many struggles that our party from its very inception painstakingly built up and conducted to protect and advance the interest of the toiling masses of the country.

The situation that has developed after the Lok Sabha polls, no doubt, offers a unique opportunity for speedy growth of our Party, especially because of the propped up 'left' image of the self-styled lefts including the pseudo-Marxists having been completely shattered and their most opportunistic politics thoroughly exposed. But it, at the same time, poses some difficulties and complications which need to be deeply understood and overcome. A vast section of the people has voted against the CPI (M) and its allies in Kerala and West Bengal where these sham Marxists are saddled in governmental power. But this does not mean ipso facto that these people have been able to understand the real social democratic character of the CPI (M). They have voted against the CPI (M) to give vent to their accumulated grievance and anger against its rabid anti-people and naked pro-capitalist policies as well as its most indifferent attitude towards people's problems, arrogance, oppressive rule and the various fascistic measures that it often took to suppress people's movements. Finding no alternative, the people determined to defeat the CPI (M) and its allies had voted for the Congress and the Trinamool Congress. This again, does not at once mean that all of them have become supporters of Congress and Trinamool Congress. Suffering for long under the misrule of the CPI(M), they have become anti-CPI(M) but not anti-Left. Also, it is to be taken cognizance of that people's understanding of leftism is mostly perfunctory, neither clear nor deep. But, if the people's movements on the burning problems of life are conducted along proper Left-

direction, the thinking of the struggling people could definitely be given a Left-orientation. This is a stupendous task for which our leaders and cadres should be made adequately developed to carry this struggle to its logical culmination. If we, as a genuine communist party on the soil, fail to do so, the forces of reaction will definitely take the advantage and misdirect the people to net sectarian political gains. Naturally, it is incumbent on all our leaders and cadres to speedily develop ideologically, culturally and politically to be equal to this challenging task.

It is also to be noted very carefully that those who abstained from voting did not do so because they became disillusioned with the parliamentary system. They did not vote because they had no faith in the main contending political parties whom they found to be distanced from the task of upholding people's cause. In other words, this was not a positive but negative poll boycott out of sheer frustration. Naturally it is a gigantic task for the revolutionaries to restore their confidence in genuine revolutionary politics and political movements and in the process remove their parliamentary illusion and create in them the urge for overthrowing the exploiting capitalist system. This can be accomplished only by organising sustained people's movements on the burning issues of their life.

As we all know, Congress, the most trusted party of the ruling class along with its allies has come back to power with relatively greater strength. We have seen how the erstwhile Congress-led UPA government during the last five years had blatantly served the interest of the ruling class. It is quite likely, therefore, that having been returned to power with more strength, it will take more stringent measures to rescue capitalism from its present crisis and thereby make the life of the common people particularly of the working class yet more tormenting and miserable. At the same time, in order to mislead the people, it might make some populist gestures as well. In order to expose the real intent behind such populist overtures and thus free the people's mind from any

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Clarion call

Carry out Revitalization and Consolodation struggle and build up people's movements alongside preparation for Second Congress

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such confusion in this regard, an arduous struggle has to be carried out so that toiling masses could be prepared for building up more powerful movements.

Necessity of conducting all these above-mentioned struggles has become imperative alongside the struggle for the preparation of the Second Congress of our Party. Apparently, it may appear that simultaneous conduct of this two-fold struggle is difficult, may at times be conflicting to each other. But actually they are not so. Rather, these struggles are supplementary and complimentary to each other. Both these struggles can be and should be integrated into a single struggle so that our Party becomes strengthened to accomplish the task the history adjures us at this juncture. Hence, our state committees and state organizing committees will have to carry out the following urgent tasks with due importance and extreme seriousness.

1. The state leadership will have to locate the tasks which remained unfulfilled during the phase of conducting the movement for Revitalization and Consolidation and incorporate the same in their

programme for the preparation of the Party Congress

2. In the process of preparation for the Second Congress, the states which have achieved most of the objectives of this struggle for Revitalisation and Consolidation of the Party and its mass organizations, shall try to complete what remained unfulfilled and also to elevate the level of all the Party bodies to yet higher standards; the states which could achieve part but not all of the objectives of the Revitalisation and Consolidation struggle shall identify the unachieved objectives and try to fulfill the unfinished tasks and thus elevate the Party organizations; the states which could not advance much in the Revitalization struggle should, instead of being disheartened release the struggle with greater determination as per the guidance provided in the Central Committee document titled 'Revitalisation and Consolidation Movement' and resolve to develop speedily in course of that.
3. State leadership shall take special care to help all the comrades to

conduct their respective individual struggles covering all aspects of life and thus develop as good organizers with ideological, political and cultural levels.

4. State leadership will also take special care to develop all the frontal organizations and Komsomol. It must guide the leaders and organizers of the frontal organizations and Komsomol to involve the new contacts and connections that have come around the party during election campaign or conducting people's movements. An elaborate list of the new contacts has to be prepared immediately for this purpose and after careful examination of the list, it should be decided which section of the new contacts should be involved in the activities of which frontal organization or Komsomol.
5. Study circles and study classes should be organized making them conducive to the preparations for the Second Congress.
6. An elaborate – intensive and extensive – campaign for the Second Party Congress should be undertaken throughout the

state. The message of the Congress should be carried to all sections of the toiling people. Attempt should be made to involve the workers, peasants, youths, students, women, teachers, and particularly those who came closer to us during the election campaign or developing mass struggles.

Simultaneously, all state committees shall chalk out comprehensive plan to collect a huge fighting fund from the people to meet the expenses of the Party Congress particularly when it is going to take place in Delhi, the costliest city of the country.

7. Finally, all comrades are to take up the preparations for the Second Party Congress as a great struggle involving the masses of the people so that after the Congress, the Party emerges with greater strength and ability to conduct powerful people's movements both at international and national levels.

With revolutionary greetings

Comradely yours

Nihar Mukherjee

General Secretary

S U C I

01-07-09

Comrade Sankar Saha attends ILO conference in Geneva

Comrade Sankar Saha, General Secretary, AIUTUC, attended ILO conference in Geneva from 3 to 19 June last. In the conference, he placed a paper on forced labour system. This issue, Comrade Saha said, is being debated at a time when world capitalist economy is in the grip of an intense insoluble crisis stemming from ruthless exploitation of labour by capital. Referring to the observation of the ILO Director General that current problems emanating from the economic crisis is not that of Wall Street alone, but virtually of all streets and all countries of the world, Comrade Saha observed that uncertainty and fear have overwhelmed a large number of people. While some of these people are giving vent to their grievances, others are doomed to utter despair and frustration. He expressed grave concern at the way one after another industry is closing down throwing millions out of job. This will in turn enhance the intensity of economic meltdown the

world over and give rise to the demand for increased social security measures. In the circumstances, those working as forced labour are in fact an integral part of the exploited masses of the world.

After class division had appeared centring round production, society has undergone various transformations but exploitation of man by man has not been abolished. In the slave society, all workers were slaves, bonded labour and the oppression was direct. In feudal system, there were land-slaves bound to just a piece of land and forced to produce for meeting class interest of the feudal lords to eke out a bare living. Today, in capitalism, even with the slogans of equality, fraternity and freedom resounding, workers are wage-slaves. Owner appropriates the entire fruits of labour in exchange of meager wage to the labouring worker. Never can the exploiter and the exploited be at par. In this way never can fraternity prevail between two classes with

completely opposite class interests. The same can be said about freedom. Where the owners enjoy unlimited rights to employ, exploit and retrench, the workers have but only one freedom of selling labour for the owner or else to switch over to exploitation by a new owner.

Comrade Sankar Saha endorsed the views expressed by other speakers in regard to the modern slave workers comprising those men-women-children compelled to do all kinds of hazardous work, people having noose of debt around their neck, illegally trafficked women and children involved in sex trade and such others. The Supreme Court of India has laid down that a person forced to work for a pay lower than stipulated minimum wage is in reality a slave labour. Likewise, workers, having no social security are slave labours too. In the current recessionary phase, workers in order to subsist are accepting to work under any condition and against any amount wage. We are living in a

world economic system, where 2/3 of the population does not have the capacity to spend just Rs 25 a day. Are they not all slave workers?

Comrade Saha urged upon the delegates to ponder if such an economic system could be allowed to continue or there is an imperative need to establish by revolution under the leadership of the working class an alternative society free from exploitation of man by man, where the dignity of labour and workers' rights will be duly honoured. He also held that the struggle to free workers' rights bound in wage labour is integrally linked up with the struggle to free the society from ruthlessly exploitative capitalist system.

The ILO Director General also presented in the conference a report containing a proposal of a Global Jobs Pact as a responsive strategy to combat the challenge of sharply intensified unemployment problem that has been multiplying in galloping strides since the outbreak of global economic downturn.

INFLATION

Soaring price line in low inflation manifests insoluble crisis of capitalism

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example, a commodity like coarse grains that go into making of livestock feed. This commodity is insignificant, but continues to be considered while measuring inflation.

To show the calculation, let us assume the base year to be 1970. The data of wholesale prices of all the 435 commodities in the base year and the time for which WPI is to be calculated is gathered. WPI for the base year is assumed to be 100. So if the price of a kilogram of wheat in 1970 = Rs 5.75 and in 1980 = Rs 6.10, percentage increase of price for wheat in 1980 will be = (Price of Wheat in 1980 – Price of Wheat in 1970) / Price of Wheat in 1970 x 100 i.e. $(6.10 - 5.75) / 5.75 \times 100 = 6.09$. Since WPI for the base year is assumed as 100, WPI for 1980 will become $100 + 6.09 = 106.09$. In this way, individual WPI values for the remaining 434 commodities are calculated and then the weighted average of individual WPI figures are found out to arrive at the overall WPI. Commodities are given weightage depending upon its influence in the economy. Now if we have the WPI values of two time zones, say, beginning and end of year, the inflation rate for the year will be = $(\text{WPI of end of year} - \text{WPI of beginning of year}) / \text{WPI of beginning of year} \times 100$. For example, say WPI on Jan 1st 1990 was 106.09 and WPI of Jan 1st 1981 was 109.72. Then inflation rate for the year 1981 is taken as $109.72 - 106.09 / 106.09 \times 100 = 3.42\%$ and we say the inflation rate for the year 1981 is 3.42%. This is how we get weekly inflation rates in India. Incidentally, India constituted the last WPI series of commodities in 1993-94; but has not updated it till now. Since 93-94 continues to be the base year for calculation, it can on no account be the barometer to calculate inflation.

On the other hand, Consumer Price Index (CPI) is a statistical time-series measure of a weighted average of prices of a specified set of goods and services purchased by consumers. It is a price index that tracks the prices of a specified basket of consumer goods and services, providing a measure of inflation. The index covers 260 items, and approximately 160,000 retail price quotes are obtained each month from

16,545 outlets and selected open markets. About 81 percent of the price quotes are collected every week for price sensitive items. Prices for some commodities (about 18 percent of the price quotes) are collected on a monthly basis. Prices of items such as house rent, school or college fees and school/college books (about 1 percent of the price quotes) are collected every six months. The price quotes include all taxes. If calculated objectively impounding all latest information about retail price movement of essential commodities, CPI is likely to indicate a somehow realistic picture of what a consumer ultimately pays for obtaining items of daily use. If one compares WPI with CPI at any point of time, the sharp variance in depiction of reality will be vivid. While WPI had been pointing out plummeting of inflation rate, CPI for industrial workers reflected a contrary picture. For example, the inflation rate as measured by CPI for industrial workers had risen to 10.45 per cent in January 2009, compared to 9.7 per cent in the previous month. CPI for urban non-manual employees shows that the annual rate of inflation in 59 Indian cities had been 9.8 per cent in December 2008. India's CPI rose 8.03 percent in March last from a year earlier. The disaggregated data further suggests that inflation in food and beverages was 13.4 per cent — much higher than the single-digit inflation rate as reflected by data on the WPI. However, there are some flaws in arriving at CPI as well. The base year here also continues to be 86-87 (as revealed in the Government of India's release of linked CPI for Urban Non-Manual Employees published on 22 June, 2009) which, as it can be easily understood, can not reflect the true picture. This how even statistics are manipulated to obfuscate the truth.

However, the simple question is that why is India not switching over to the CPI method of calculating inflation? The answers provided are incredible indeed! Finance ministry officials point out that there are many intricate problems from shifting from WPI to CPI model. First of all, they say, in India, there are four different types of CPI indices viz. CPI Industrial Workers; CPI Urban Non-Manual Employees; CPI Agricultural labourers; and CPI Rural labour. That, in their opinion,

makes switching over to the CPI from WPI fairly 'risky and unwieldy.' Secondly, officials say the CPI cannot be used in India because there is too much of a lag in reporting CPI numbers. In fact, as of 21 May, 2009, the latest CPI number reported is for March 2006. Also, the WPI is published on a weekly basis and the CPI, on a monthly basis. Thus, they themselves confess that because of their internal incompetence and problems, they are unable to adopt the right method and hence continue with a system that gives false picture of ground reality. And moreover, the macroeconomic indicators are notified based on this inappropriate data and important fiscal and other monetary policies are determined premised on such inaccurate indicators.

Why this travesty of truth

But the matter is not as simple or innocuous as that. No one with a modicum of grey matter will agree that Indian administration is so handicapped and constrained as not to be able to gather certain elementary data in regard to price movement in the retail market. So it can well be inferred that there is some definite motive behind advancing such an infantile plea. Let us just turn to what the echelons in the government hierarchy apart from showing exuberance over 'declining' inflation rate are recommending as prudent economic measures to trigger 'growth'. According to the postulates of bourgeois economy, if inflation comes down, time is suitable for pumping more money in the system to stimulate demand. How does the government plan to do so? Surely, the move is not to increase purchasing power of the people by providing them permanent job at appropriate remuneration or such other gainful engagement. On the contrary, government is exploring possibility of printing fresh currency note to finance budget deficits. Simultaneously, the banks have been advised to drastically cut interest so that cheap funding is available to the industrialists, big business and corporate houses to meet their commercial needs. "As financial intermediaries, banks have to stand by to provide credit at reasonable rates," said Pranab Mukherjee, union finance minister while addressing public Sector bank

chiefs in New Delhi the other day. Since the interest on such loan is drastically brought down under the pretext of lowered inflation, interest on bank deposits is also significantly reduced causing further fall in the income of common bank depositors. In other words, while the profit-seeking monopoly houses and large enterprises many of whom are huge defaulters of previous bank debts or other institutional loans as reflected in the rising NPAs (non-performing assets or baskets of forfeited loans of the banks and financial institutions) are favoured with cheap financing, income on hard earned money saved by the common citizens in the banks is nose-diving. So, clear beneficiaries will be the handful of ruling capitalists while rising cost of living coupled with spike in inflation will make people bleed white.

Real cause behind price spiral

What the bourgeois government and the bourgeois economists do not reveal is the fact that as capitalist production system is not driven by the necessity of meeting people's needs but by the lust for profit maximization by the ruling capitalist class owning the means of production. Profit, as Marx showed, accrues not because of any divine intervention but because the usurpation of surplus value of labour and continuous squeezing of the pockets of the exploited common masses by the ruling capitalists. As a result of appropriation of this surplus value in the form of maximum profit by the ruling capitalist class, the people are continuously pauperized and losing buying power. So there is stockpiling of goods. The capitalist class does not release these goods at cheaper prices because that would bring down the prices and affect their profit potential. So they either destroy or hoard the stockpile to sustain an artificial scarcity in the market. This is what they often pass as lack of demand. Even this recessionary phase is preferred by them to lowering of price by increasing supply. If the goods remain unsold, fresh production is stopped. To sustain maximization of profit, what the capitalists do is to peg down the cost of production by adopting newer technology or techniques, shed manpower and sell whatever little is produced at

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INFLATION

Build up intense mass movements in demand for all-out state trading of essential items

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progressively higher prices. They also shift towards those industries or ventures which have scope for profit maximization. That is why, in capitalist globalization, there is prescription for handing over the public utility services and welfare sectors like healthcare, education, power etc. to individual capitalists for being run on commercial basis. As a result, existing factories close down or operate with reduced manpower entailing more and more job loss and a practical moratorium on fresh employment opportunities except for a handful qualified sophisticated personnel suitable for running few capital-intensive modern industries. This causes further shrinkage in people's purchasing power leading to the market crisis of capitalism.

Robbed of the source of income coupled with burden of spiralling price is holding the people into ransom. That is not all. Of late, there is a new type of gambling has been introduced in the capital market speculation. Known as derivative trading, there is rampant speculation over, among other things, future price of agricultural crops including essential food items. This speculation also widely impacts retail price of food grains and other items of daily consumption as those taking a stake on prediction of upward movement of price of a particular item in future tend to jack up that price to net speculative gains. Accumulated effect of all these continuously adds to the woes of the people as there is escalated squeezing of their progressively depleting pockets. This, in short, is how the ruling bourgeoisie and their servitors are themselves sabotaging the very basis of pricing mechanism in bourgeois economy premised on demand and supply (if demand falls, supply increases entailing lowering of price and vice versa) and instead opting for price manipulation through creation of artificial scarcity, resorting to large scale hoarding, rampant black marketing, widespread speculation and completely de-linking price fixation from cost of production.

The capitalists never suffer because if they face any reduction in profit, the governments subservient to their class interest step in and

arrange for funds at cheap rate from banks and other institutions and waive all dues on account of previously availed credits. No law of the land ever prosecutes any capitalist for defaulting loans advanced from public money deposited with banks or other financial institutions. Nor are they or any of their servitors or lackeys pulled up for amassing huge black money which is, so to say, running a parallel economy. Even hoarders, black marketers and price manipulators who trade in the hunger of millions remain unscathed in the prevailing capitalist set up that boasts of 'equality' in the eyes of law. Rather, they all enjoy bank financing for all their unscrupulous activities including cost of hoarding (camouflaged as cost of warehousing or inventory maintenance), stock market speculations including derivative trading. So there is no central control over price movement. The entire arena is now left to the profit-greedy capitalists and shady market operators.

Inflation inevitable in capitalism

Coming back to the text book definition of inflation, we thus see that there is indeed too much of money chasing too little goods. So inflation is inevitable in the dying capitalist economy of today. But as spurt of inflation can not be justified in a state of recession or regular diminishing of actual demand because of falling purchasing power of income-starved people, a workshop, so to say, has been started by the ruling capitalist class to either show decline in inflation through a surfeit of manipulations or manufacture various economic theories like stagflation or deflation or phase of adjustment, price correction and so forth to provide some kind of theoretical explanation to the various aberrations and contradictions arising out of the acute insoluble crisis of decadent moribund capitalist economy. And we have been iterating and reiterating, the entire burden of the capitalist crisis is squarely passed on the common people who are often advised by the government bigwigs or their pliant economists to be ready to 'face hard days', 'make for sacrifice' or 'bear a little more inconvenience' till the economy 'bounces back'. In other

words, all problems, aberrations, mismatches, incongruence, discrepancies, anarchy and palpable discrimination in the system will be created because of the defaults, misdeeds, self-aggrandizement of and manipulations by the handful of ruling capitalists and their servitors but the toiling masses groaning under the yoke of ruthlessly exploitative capitalist system have to pay the price. This, according to the bourgeois economists, is to be accepted as inevitability and hence endured. So, glaringly they have completely shifted from the classical definition of inflation as contained in the doctrine of bourgeois economy during the days of its advent. As Comrade Shibdas Ghosh, founder General Secretary of the SUCI and one of the foremost Marxist thinkers of the era, had taught us, "though the basic economic law of a particular social formation remains fundamentally unchanged during the entire period of that social formation, yet concrete conditions of economic development undergo changes during the long period, which call for different (not fundamentally different), i.e. developed and precise understanding of the basic economic law at different stages of the same social formation" (SW Vol.I p 96). The present context is to be understood in that light.

People must thwart price rise by movement

Today, capitalism has been gasping in its moribund stage and frantically trying to stave off the accentuating insoluble market crisis created by the system itself by resorting to every foul means – corruption, hoarding, black marketing, speculation, usury and of course price manipulation and arbitrary price fixation breaking even the last vestige of control mechanism. All established methods of determining macroeconomic indicators are being tampered with and even the findings are sought to be presented in a distorted manner. Common people who are the worst victims of these malpractices should reject the window-dressing of country's economic balance sheet lock, stock and barrel. They ought to understand though there can be no permanent solution to the growing predicament of soaring price, job

loss, falling income and such other tormenting factors till the time capitalism is overthrown by revolution and in its stead socialist economy with social ownership on the means of production and maximum satisfaction of the people as motive of production is established, yet they can wrest some relief, some amelioration of their misery if they articulate their protest in the form of sustained organized conscious democratic movement under correct leadership raising correct demands on every burning issue of life including that of demonic price rise. In course of this movement, the fallacious arguments regarding price rise, inflation, globalization etc. advanced by the ruling bourgeoisie and its bootlickers are also to be rebutted and repudiated on the anvil of truth and logic. At the same time, through developing such legitimate mass struggles and gradually escalating their pitch, way will be paved for revolutionary transformation of the society by smashing exploitative bourgeois state machine. The bourgeois opposition parties as well as pseudo-Marxists who are sold out to the ruling bourgeoisie for pelf and power are neither taking nor are expected to take any initiative in this regard. On the contrary, they would under this or that argument or through creation of a smokescreen of academic verbiages try to elicit tacit approval for the bourgeoisie version of the state of affairs. To the discerning mind, this will become so obvious. As against that, the SUCI, guided by Marxism-Leninism-Shibdas Ghosh thought, has been persistent with the demand for all-out state trading of essential items including food articles and distribution of the same through well-knit corruption-free Public Distribution System at affordable prices. It is only this way that the supply and pricing mechanism of items of daily need could be freed from the clutches of private monopolists and crooked market manipulators. So the need of the hour is to build up an intense mass movement in demand for all-out state trading of essential items and frustrate bourgeois conspiracy of jacking up prices arbitrarily and shield the same behind distorted presentation of inflation and other economic parameters.

Finance Minister's Pre-budget Meet

Comrade Krishna Chakraborty calls for policies to provide relief to recession-hit working class

The Finance Minister of the newly formed UPA Government at the Centre held a pre-budget meeting with the leaders of the recognized Central Trade Unions, viz. All India Trade Union Centre (AITUC), AITUC, BMS, CITU, HMS, INTUCE and UTUC on 3rd June 2009 last. AITUC was represented by its All India President, Comrade Krishna Chakraborty and one of the All India Vice-Presidents, Comrade K. Radhakrishna.

In the deliberation, all the trade union leaders were more or less unanimous in affirming that it was the working class and toiling people who were the worst sufferers of the fall-out of unprecedented economic melt down or recession. Market is down, so also wages earned. Retrenchment and unemployment is on the rise phenomenally; the

owning class is shifting the entire burden of the crisis on to the shoulders of the working class. Government is doling out relief packages to the industrialists and monopolists but not to the relief of the workers and employees. The leaders in one voice urged that the budget should contain safeguards for the working class, particularly for the unorganised sector labours.

In his address Comrade Krishna Chakraborty said, *inter alia*, AITUC is at one with most of the suggestions placed already by other trade union leaders. In addition, Comrade Chakraborty drew attention to the government policy which he felt was most pertinent at the present juncture. Already hundreds of thousands of industries are closed down throwing millions of workers out of job. In the name

of fighting recession the government is allowing foreign investment liberally knowing well that those foreign MNCs with huge capital and higher technology will spell doom on the SSIs and medium scale industries and push up unemployment. He firmly opined that the government should come out of the WTO. He pointed out, recession is the creation of capitalist economic system which itself squeezes market due to fall of purchasing power of the exploited toiling masses. Simply with fiscal measures this menace cannot be confronted with. So long as exploitative system is there, crisis cannot be done away with altogether. Still some relief can be and must be given to the working people by, for example, extending ambit of increasing wages for NREGS, introducing unemployment

allowance etc. Subsidies for agricultural inputs must not be withdrawn. The government must withdraw moratorium on recruitment in government offices. Comrade Chakraborty finally drew attention to two important sectors like education and health. He demanded education should be free up to the highest level. Government should adequately fund the much starved health sectors. There should be fully equipped hospitals in the furthest rural areas with sufficient number of beds and medical personnel.

Later on Comrade Radhakrishna pointed out that decontrol of petroleum products is bound to cause disaster in the present situation. Already the price of CNG has shot up by Rs.2 per kg. The budget should therefore reverse the decision of the government.

West Bengal State Committee on present situation of Lalgarh

Comrade Provas Ghosh, Secretary, West Bengal State Committee, SUCI has issued the following statement on Lalgarh situation on 17.6.2009 :

Misappropriation of money in crores upon crores in the name of 'development' at Jangalmahal (forest region), medieval repression on the people in villages one after another, setting up police camps in the pretext of suppressing 'Maoists', indiscriminate arrest of common people and implicating them in false court cases, rape of *adivasi* women, even torture of pregnant mothers, sudden sweeping attacks and killings of protestors coupled with people's long pent up grievance owing to untold poverty and deprivation — all have led the people of Lalgarh to build their own movement. Although a few 'Maoists' are there, it is the *Pulishi Santras Birodhi Janaganer Committee* (People's Committee against Police terror) that is basically leading this movement.

The demands raised by the People's Committee are democratic, not 'programmes to create liberated zones' as claimed by 'Maoists'. Nowhere in India 'Maoists' build up open mass movements on democratic demands involving thousands and thousands forming people's committees.

Previously, the West Bengal

government and the CPI(M) leadership termed the Nandigram and Singur movements as 'Maoist' to justify their savage fascist attacks. In the same hated manner, they are trying to bring under its jackboot of repression the entire Lalgarh movement branding it 'Maoist' by undertaking a savage central government backed para military operation. From an ulterior motive, the state government is trying to bring out that this movement is led by the 'Maoists'. And the 'Maoists' too are eagerly trying to receive propaganda in bourgeois mass media, posing as if they are leading the movement. This also is helping the CPI(M). The fact is, under cover of its pretension of apparent silence, the CPI(M)-led state government, instead of fulfilling the democratic demands raised by the People's Committee has killed and injured many struggling people by deploying bands of CPI(M)-backed criminals and police as a follow up of its conspiracy to occupy the entire area by evicting the struggling tribal people. Recently, as a part of outburst of people's accumulated wrath against the CPI(M)'s atrocities, some sporadic incidents have occurred. And making the same as pretext, the state government under the plea of 'Maoists' conspiracy',

'situation getting out of control' etc. has started para military operation. And in support of this, the state government is deliberately using some pliant news media.

We are of the opinion that the para military operation and CPI(M)'s bandh call — all are planned conspiracy hatched against the movement of the people. In the pretext of suppressing 'Maoist' violence, extensive attack and torture have started on the struggling common people. The state and the central governments as if have declared a war against the movement. We fear that a large number of people will lose their lives and many will receive grievous injuries. Also the government will

continue arresting 'the guilty' in the villages and allow loot and plunder, torture on women and all such crimes to be committed with impunity. It is in this way that the criminal gang of the CPI(M) will crush the movement and take hold of the territory. Yet, the struggling people will again rise up.

We call upon the people of West Bengal to voice protest against this planned conspiracy of the CPI(M) and the state government and demand

- 1) Immediate stopping of the attack of the para-military, torture and terrorization by the police, and
- 2) Accepting and implementing the legitimate demands raised by the Peoples' Committee.



In Calcutta, AIMSS protesting rape & murder of two teenagers in the Shopian incident and demanding punishment of culprits

Orissa AIMSS protests gang rape and murder of women

On behalf of All India Mahila Sanskritik Sangathan (AIMSS) a demonstration was held in front of the Orissa Assembly against the rape and murder of women in Shopian Town of Kashmir and gang rape of women at Paikamala and Sambalpur of Orissa. A procession of women started from the Bhubaneswar railway station and culminated in the demonstration. The protest demonstration meeting, presided over by Comrade Binapani Das, State AIMSS President, was addressed by Comrades Swayamprava Nayak, State AIMSS Secretary, Comrade Niyati Jena, President of Bhubaneswar unit and others. The speakers strongly condemned the inhuman rape

committed by army personnel in Kashmir and also condemned the barbarous attack on people who was protesting the incident. They also condemned the incident of safeguarding the rapist Block Chairman of Paikamala by a Minister and demanded his immediate arrest. They urged upon the state government to protect the dignity of the women by taking strong action against rape, murder, women trafficking, all sorts of violence on women and to stop spread of obscenity and liquor. Under the leadership of Comrade Binapani Das a delegation team met the Honourable Governor, Orissa and submitted a memorandum in this regard.



Comrade Manik Mukherjee, General Secretary, IAPSCC (to the right) at Damascus with Ali Dia, in-charge, Foreign Affairs, Baath Arab Socialist Party of Syria in May last



Comrade Manik Mukherjee and others at the Secretariat Meet of IAPSCC in Paris on 22 - 23 May last (News covered in the last issue of Proletarian Era)

IAPSCC on US court decision on Cuban patriots

Comrade Manik Mukherjee, General Secretary, the International Anti-imperialist and People's Solidarity Coordinating Committee (IAPSCC) on 18 June 2009, had issued the following statement on the US Supreme Court decision on the imprisoned Cuban Five Patriots.

The IAPSCC expresses its profound shock and dismay at the decision of the US Supreme Court not to review the case of the Five Cuban Patriots, who have been unjustly imprisoned for more than a decade. This is a sheer travesty of justice and denies the Cuban Patriots any possibility of ever having an impartial and just trial outside Miami. It is shameful that the decision is taken paying no heed to the international opinion voiced by eminent lawyers, jurists, statespersons, Nobel Prize winners, academicians, and the freedom-loving people all over the world, as also negating the stand of the UN Working Group On Arbitrary Detention, calling the detention arbitrary and illegal. It is condemnable that while the Cuban Five's legitimate rights are denied the criminal and terrorist organizations are allowed to operate freely from Florida with their conspiracies against Cuba. We forcefully put this demand to the Obama Government to put an end to this colossal injustice and immediately free the Five Cuban Patriots. We urge upon all the freedom-loving people and organizations of the world to organize movements and mount pressure on the US Government for granting unconditional freedom to the Cuban Five.

Movement in Assam to convert Silchar-Landing line to broadgauge

A massive convention at the call of eminent litterateur, educationists and cultural activists was held on 21 June at the GC Auditorium at Silchar. The convention raised demands like, among others, immediate completion of converting Silchar-Landing railway line to broadgauge ensuring proper safety, introducing passenger trains in the existing metergauge line with adequate safety for the passengers and till the train service is reintroduced, introducing bus service at rates equal to the train fare providing subsidies, if necessary. The convention was largely attended. Dr. Tarun Mandal, the SUCI MP from West Bengal along with delegates from Mizoram, Manipur and Tripura were invited in the convention. The Presidium of the convention included eminent poet Bijit Kumar Bhattacharyya, writer Prasun Kanti Deb, eminent teacher Shyamdeo Kurmi, Kiran Shankar Nath and invited speakers included Kantimoy Deb, well known mass leader of Assam, eminent essayist



Dr. Tarun Mandal, MP addressing the Convention at Silchar

Shyamalendu Chakraborty, historian and former professor Kamal Uddin Ahmed, former Principal Tapas Shankar Datta, C. Lalnpuia the delegate from Mizoram and others. Dr. Mandal, the MP assured that he would raise the issue in Parliament and would talk to the railway Minister Mamata Bandyopadhyay as well. A 35 executive member- strong powerful 'mass struggle committee' was formed with Ajay Roy, Arunangshu Bhattacharyya and Sushil Pal as convenors. It must be mentioned that from 25 June last, under pressure of the movement, the government and Railway authority have introduced a passenger service in the Silchar-Landing metergauge line.

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