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Report on Current Developments (Adopted at the January 8-10, 2009 Meeting of the Central Committee held at Kochi)

International

The global economic crisis has been dominating the international scene in the past three months. The financial crisis soon became a full-fledged crisis of the real economy and a global recession has set in with all its ill effects on employment, loss of livelihood and houses for people around the world. The period also saw the brutal Israeli onslaught on Gaza heightening the war on the Palestinian people by a lawless state which has the backing of the United States. In the neighbourhood of India, an important development has been the elections in Bangladesh which has led to a sweeping victory for the Awami League led alliance.

Global Economic Crisis

The global recession precipitated by the financial crisis has deepened considerably over the past two months. Latest IMF projections (World Economic Outlook Update, November 2008) suggest that the world economy will grow only at 2% in 2009, with the advanced economies taken together, experiencing negative growth (-0.3%) during the year. The US GDP is projected to contract by 0.7%, Euro Area GDP by 0.5% and UK GDP by 1.3% in 2009. According to the IMF, this will be the first annual contraction, i.e., absolute fall in output, experienced in the advanced economies in the post-war period. All the major capitalist Centres – USA, Europe and Japan – are simultaneously in recession. The unemployment rate in the US had already risen to 6.7% in November 2008, with 18.7 lakh jobs being lost there since November 2007. The unemployment rates in France and Germany had risen to 8.2% and 7.1% respectively by October 2008 (ILO). With the recession deepening in 2009, unemployment in the advanced capitalist economies would rise further.

The initial response of the Governments in the advanced capitalist countries to the financial crisis was to announce bailout packages for the financial companies, which had made enormous losses. Recapitalisation of private financial institutions with public funds took the shape of part nationalisation of several banks and financial companies. This was accompanied by coordinated interest rate cuts by Central Banks across the world. These financial and monetary policy measures, however, have failed to prevent a deepening recession, which is now generally believed

to be the worst ever since the Great Depression. The Governments of the advanced capitalist countries are now falling back upon fiscal interventions to salvage the situation. Even the bastion of neoliberal orthodoxy, the IMF, has recently called for a “large fiscal stimulus totaling 2% of global GDP”, to address the crisis. While the \$700 billion (Rs. 34.3 lakh crore) bailout package announced in the US in October 2008 was primarily meant to compensate the losses made by the private financial institutions and other corporates, China announced a fiscal package in November 2008 amounting to \$586 billion (4 trillion yuan or Rs. 28.7 lakh crore) which is nearly 14% of China’s GDP to be spent over the next two years, aimed at increasing state expenditure in areas like housing projects for low-income urban residents, farmers’ livelihood and rural infrastructure, the construction of railway, road and airports, education and public health care, ecological construction, technological innovations and disaster relief. After much debate between Britain and Germany, the EU has also adopted a nearly \$ 280 billion (200 billion euros or Rs. 13.7 lakh crore) fiscal package including tax cuts and public spending plans.

The crisis is exposing the hazards of neo-liberal economic policies and the advanced capitalist countries are being compelled to resort to direct State intervention as the way out of the crisis. However, the extent of the crisis is such that these fiscal measures may turn out to be insufficient. There is also apprehension that the entire extent of financial losses by banks and other private companies are yet to be revealed. More financial shocks would only aggravate the crisis and worsen the prospects of economic recovery. All efforts would be made by the imperialist countries to shift the burden of the crisis on to the third world and for the ruling classes to shift the burden on to the working class and the peasantry.

The global economic crisis provides the opportunity to challenge the neo-liberal orthodoxy and to propagate among the people that the real alternative to predatory capitalism is socialism.

Presidential Election in USA

Barrack Obama won the Presidential election defeating the Republican candidate John McCain. The victory marked a historic step as, for the first time, the United States will have a black President. The clear victory for Obama was a rejection of the record and policies of the Bush regime. The growing economic crisis which has badly affected the American people was a prime reason for the victory coupled with the disillusionment with the prolonged war in Iraq.

High expectations have been aroused by Obama’s victory as his main campaign platform was for change. However, with the present political set-up in the United States, the prospects for any change in basic policies seem remote. The American people are more concerned about how Obama will tackle the economic crisis and revive the economy and jobs. Unlike the unilateral style of the Bush Presidency, Obama will try to carry the allies of the US alongwith him in projecting and implementing America’s interests. The team assembled by Obama confirms that not much will change. With

Hillary Clinton as the Secretary of State and Robert Gates continuing as the Secretary of the Defence, there will be a continuum in US imperialist interests and foreign policy.

Israeli Aggression

The six month cease fire between Israel and Hamas ended in December 2008. Israel tightened the blockade of Gaza by preventing supplies by trucks to the Gaza strip. On the pretext that rockets continue to be launched from Gaza into Israel, the Israeli air force began a heavy aerial bombardment from December. This was followed by the invasion by ground troops. The offensive is continuing. In the two weeks after the US attack began over 700 people including a large number of children were killed. This total war against the 1.5 million Palestinians has the backing of the US which endorses the Israeli aim of eliminating the Hamas. Since 2006 when Hamas won the elections to the Palestinian authority, the Israel-US axis has been aiming to isolate and suppress the Hamas. The split in the Palestinian camp between the Fatah and Hamas has helped the Israelis.

There are no effective steps for a ceasefire from the Security Council, as the US has blocked efforts in that direction. The Manmohan Singh government has issued statements calling for a halt to the attack, but it has not done anything concrete to get pressure mounted on Israel. It is going ahead with the military and security collaboration with Israel. Recently it has signed a Rs. 10 thousand crore deal for missile production collaboration with Israel. The campaign of solidarity with the Palestinian people should also demand an end to such collaboration which militates against India's traditional support to the Palestinian cause.

Iraq : New Security Agreement

The Iraqi parliament and government have approved a security pact with the United States. As per the agreement, the terms for the continuance of the 150,000 US and foreign troops are spelt out when the United Nations mandate expires by December 31st. The agreement provides for foreign troops to withdraw from Iraqi cities and towns by June 2009 and from the country entirely by end 2011. This means that the troops will remain in bases after June 2009. From January 1, 2009 US troops will conduct operations with the approval of the Iraqi government and in coordination with Iraqi authorities. By this agreement, the US troops will continue to stay till end 2011. How this will match with the 16 month withdrawal time-table of President Barack Obama remains to be seen.

As per the plan drawn up which meets Obama's strategy too, the US will withdraw 8000 troops by February from Iraq and deploy them in Afghanistan. The plan is to increase US troops in Afghanistan by 20,000 more to contain the growing Taliban insurgency. Under Obama, there will therefore be an escalation of the war in Afghanistan.

Greece

Widespread protests erupted throughout the country after the police shot dead a 15 year-old boy. This led to an outburst in Athens and all other cities which continued for three weeks. A number of clashes took place between the police and the protesting youth. The growing anger among the people on the right-wing government's failure to tackle the economic crisis effectively was one of the main reasons behind the widespread protest.

Two successful general strikes took place in Greece in the previous three months against the anti-people policies of the New Democracy government. The striking workers blocked schools, hospitals and transportation services and half of Greece's factories were brought to a 24-hour halt. The strike demanded hike in minimum wages and protested against rising prices and privatization plans.

The Greek struggle shows how the impact of the global economic crisis and the efforts of the governments to impose burdens on the people are going to meet with popular resistance.

Latin America

Latin America continues to be the theatre of an intense political conflict between the Left and progressive forces and the rightwing forces who have the backing of the United States. In Venezuela and Nicaragua, the Left registered successes in the provincial and municipal elections. In crucial regional elections in Venezuela held in November, the PSUV, the party led by Chavez gained the majority of offices securing 58 per cent of the vote. They won 17 out of the 22 governorships and the PSUV and its allies won mayoral posts in 81 per cent of the of the municipalities, i.e., in 265 out of 328 cities. However the rightwing opposition won the Mayorship of Caracas, the capital.

The PSUV is now preparing for getting a new referendum on amending the Constitution for removing the term limit for Presidentship by collecting more than 4.7 million signatures. An earlier referendum on this matter and other issues had failed to get the required vote.

In Nicaragua, the ruling Sandinista Party (FSLN) won in 91 municipalities while the opposition right wing party won in 49. The Sandinistas won the municipal elections in the capital city of Managua.

Another important development is the decision of the Argentinean government to nationalize the private pension fund companies. The measure is intended to protect the savings of millions of Argentineans who have suffered losses due to the global financial crisis. If this step gets the approval of the Congress, it will be a big blow to the neo-liberal policies imposed by the IMF.

Regional Summits in Brazil

The first Latin American and Caribbean Summit on Integration and Development, as well as meetings of the Common Market of the South (Mercosur), the Union of South American Nations (Unasur), and the Group of Rio, a policy-coordinating organisation comprised of 23 countries in the region were held in Brazil in December. Cuba had participated in the Group of Rio Summit for the first time. The United States and Canada were notably not invited to the Summit. Also absent were the Presidents of Colombia, El Salvador and Peru – three of the region's top US allies. The nations in attendance, including some US allies, such as Mexico, agreed to work to form an organisation excluding the economic giant to the north.

Anniversary of Cuban Revolution

The 50th anniversary of the Cuban revolution on January 1, 2009 was an occasion to highlight the historic significance of the first socialist revolution in the Western hemisphere. Cuba has withstood five decades of economic blockade and hostile acts by the United States and built up an exceptional society which has an educational and health system which surpasses even those available in many advanced capitalist countries. The example of Cuba is an inspiration for all the countries of Latin America who are struggling to overthrow the yoke of neo-liberalism and imperialist domination. Cuba is not isolated and it is assuming its rightful place in the Caribbean and Latin American forums for mutual cooperation. The achievements of the Cuban revolution has to be widely propagated as part of the socialist alternative.

Bangladesh Elections

Two years after the military-backed caretaker regime, elections were held for the National Assembly on December 29, 2009. The Awami League-led alliance got a landslide victory by winning 263 out of 299 seats for which results were declared in the 300-member Assembly. Nearly 90 per cent of the electorate participated in the polls. The BNP-led alliance could muster only 36 seats. The formation of the Sheikh Hasina government is a victory for the secular forces. The Jamat-e-Islami party which was in the Khalia Zia government suffered a rout and could win only two seats. With Sheikh Hasina in power, there are better prospects for India-Bangladesh relations.

Sri Lanka

The Sri Lankan armed forces have captured the LTTE's *de facto* capital Kilinochchi. This came from a sustained military advance after the LTTE lost the eastern province. The LTTE is now confined to the Mullaithiru jungles. The fighting has led to more civilians being displaced from their homes. The United Nations has been allowed to send food rations to an estimated 200,000 displaced civilians. It is important to make a distinction between the LTTE and the suffering Tamil people. More efforts are needed to ensure the safety of the civilians trapped due to the fighting and to ensure that there is an adequate supply of food, medicines and essential

commodities. The Rajapakse government should not use the military reverses for the LTTE as a pretext to delay a political solution to the Tamil problem.

The government of India should step up its diplomatic efforts in this direction.

National Situation

The period since the Central Committee meeting in Kolkata in October has been dominated by the Mumbai terrorist attack and its aftermath. The failure to tackle the repeated terrorist attacks and the link between terrorism and communalism has come to the fore. The elections to the Legislative Assemblies in six states took place and some new political alignments were forged. The impact of the global economic crisis has created growing economic difficulties which is affecting the lives of the working people.

Impact of Global Crisis on the Indian Economy

The Indian financial system has remained relatively immune from the devastating crisis afflicting the advanced capitalist countries, mainly due to the extant regulations and public sector domination of the financial sector, which the CPI (M) and the Left parties have struggled hard to defend. The stock markets have witnessed a meltdown though, with the FIIs being net sellers worth \$13.1 billion in the year 2008, which has also led to a decline in India's foreign exchange reserves. The real impact of the global recession on the Indian economy, however, is mainly being felt in terms of a slowdown in exports and industrial growth. Dollar value of exports in November 2008 (\$11.5 billion) was almost 10% lower than that in November 2007 (\$12.7 billion). The Index of Industrial Production recorded a 0.4% fall in October 2008 compared to October 2007, with the manufacturing index registering a 1.2% fall. The prices of cash crops have also declined adversely affecting the farmers.

Job losses have escalated. At least one lakh gem trade workers have been rendered jobless in Gujarat. It is estimated that around a million jobs have been lost. As per estimates by Assocham and others in the coming period job losses will mount to ten million (one crore). The economic managers of the Government, who till not so long ago were boasting about attaining 10% GDP growth, have now downgraded their GDP growth forecast to 7% for 2008-09. Economic growth is likely to slow down sharply in 2009. However, the UPA Government has neither learnt the proper lessons from the financial crisis nor is it willing to shed its neoliberal dogma and adopt effective steps to deal with the slowdown.

CPI (M) had released a comprehensive set of *Suggestions on Protecting Indian People from the Global Economic Crisis* on 7th November 2008. The basic demand was for a fiscal package directed at increasing public expenditure in ways, which increases the income and consumption of the working people and ensures broad-based growth. Increased public

investment in agriculture, expansion of the NREGA, higher allocations for health and education, infrastructure like rural roads, housing for the middle and lower income groups and universalisation of the PDS were specifically demanded, apart from a reduction in fuel prices, regulation of organised retail, tariff protection for farmers and small industries and reversal of financial liberalization. A moratorium on job and wage cuts was also demanded.

Price Rise and Food Supply

Though the rate of inflation is going down, there is no reduction in the prices of food items and other essential commodities. People continue to suffer from high prices in retail items.

Petrol and diesel prices were marginally reduced by the Government in early December 2008, by Rs. 5 and Rs. 2 per litre respectively, but the reduction was inadequate considering that crude oil prices have come down to below \$50 per barrel from the peak of \$147 dollar per barrel in July 2008. Further reduction of oil prices has to be done by the government.

Food insecurity has had a devastating impact leading to increased malnutrition and hunger as a direct result of faulty food policies of successive governments. Deaths due to malnutrition and hunger have taken place in tribal areas in Maharashtra and Jharkhand. With the increased procurement of wheat this year, stocks with the government are at 22 million tonnes, double that of the buffer norm for the month of October. Taken together the rice and wheat stocks of the government are 29.8 million tonnes against the minimum combined buffer norm of 16.2 million tonnes, a 84 per cent surplus over the required buffer. According to data supplied by the Ministry, between 2005-2006 and 2007-2008, the average annual allocation for "Above Poverty Line" ration card holders to the states was cut by 73.36 per cent. Yet, the government refuses to restore the allocation preferring instead to sell the stocks to traders at subsidised rates.

Government Measures Inadequate

The fiscal package announced by the UPA Government on 7th December 2008 increased Plan expenditure by only Rs. 20000 crore, which is less than 0.5% of India's GDP. Such a weak fiscal stimulus would not succeed in reversing the slowdown and arresting the consequent job losses and growing unemployment in the economy. The Government primarily relied on tax cuts, like the 4% cut in the CENVAT rate, to stimulate the economy. The Government failed to link the concessions to industry to conditionalities preventing layoffs and retrenchment. The State Governments were totally neglected in the fiscal package. With tax revenues falling due to the economic slowdown, the State Governments are experiencing great difficulties in maintaining the desired level of Plan expenditure. A debt relief package for the States alongwith interest rate subsidy on their borrowings, relaxation of fiscal responsibility norms and

greater transfer of resources from the Centre to the States are required, in order to enable the State Governments to step up expenditure to create jobs and expand welfare measures.

A second stimulus package was announced by the Government on 2nd January 2009. Not a single rupee of additional spending was announced over and above the meagre Rs. 20000 crore additional Plan outlay announced on 7th December 2008. In fact the Government ruled out any further increase in public spending in the current financial year. By announcing that further fiscal measures will only be contained in the annual Plan for the next financial year, the UPA Government is shifting the burden of addressing the economic slowdown on to the next Government, after having imported the global recession into the domestic economy by pursuing neoliberal policies. The Government is basically trying to salvage the situation by infusing liquidity into the financial system through interest rate cuts and other monetary policy measures. It is also doling out tax concessions to the corporates in order to protect their profits and trying to ensure that they do not abandon their investment plans. These measures would not succeed since recessionary fears have already gripped the private corporate sector as well as middle-class consumers, who are cutting down on investment and consumption spending. Neoliberal dogma prevents the UPA Government from embarking upon a substantial fiscal intervention that can provide some succour to the slowing economy.

What is more disturbing is the fact that in the name of announcing a stimulus package on 2nd January 2009, the UPA Government has pushed further capital account liberalization measures like easing External Commercial Borrowing norms for corporates, especially for the real estate sector. The investment limit for FIIs in corporate bonds has also been raised. This shows that the Government has learnt no lesson from the global financial crisis and continues to repose its faith upon speculative international finance capital. The UPA Government's stubborn refusal to learn from global experiences and its recklessness in pushing ahead with financial liberalization was also visible during the winter session of Parliament when two Bills – The Insurance Laws (Amendments) Bill and The Life Insurance Corporation (Amendment) Bill – were introduced in the Rajya Sabha and the Lok Sabha respectively on 22nd December 2008. The first legislation seeks to raise the FDI cap in the insurance sector from 26% to 49% and allow the same foreign players, who have played havoc with the global financial system, to expand their control in the Indian insurance sector and gain access to the savings of our people. Another amendment is to allow foreign companies in the reinsurance business. These legislations are meant to keep the process of insurance sector liberalisation and privatisation alive despite the global shift in favour of public ownership of financial institutions in the wake of the financial crisis.

It is clear that the response of the UPA Government to the global economic crisis would be limited to defending the interests of big businesses, international finance capital and the affluent sections. On the other hand the working class is coming under increasing assaults in the form of lay-offs and retrenchment. With a deepening recession, prices of agricultural

products especially cash crops like coffee, rubber, pepper etc. are falling drastically, adversely affecting the peasantry. The brunt of the crisis will be borne by the peasantry and suicides by farmers are recurring. Small-scale producers and traders, especially those in the unorganised sector, would be badly hit.

The CPI (M) has to take the lead in defending the interests of these sections and wage struggles to force the Government to adopt policies to protect the interests of the working people. The Party and mass organisations should immediately take up the urgent issues of the different sections of the working people and launch struggles and conduct movements. The present situation opens up opportunities to bring new sections into the movement. Our intervention is also necessary to ward off the danger of right reactionary forces using the discontent.

Terrorist Attacks

The terrorist attack in Mumbai on November 26, 2008 was unprecedented in scale and planning. The multiple attacks on the CST railway station, two hotels and a Jewish centre by a small group of heavily armed men who held out for 60 hours and which led to the death of 164 civilians and security personnel including 26 foreign nationals came as a shock to the entire country. It has now been established that ten men came from Pakistan by sea to attack the selected targets. The training and logistics was provided by the Lashkar-e-Toiba.

In the attacks, the largest number of people died in the CST railway station. The others died in the two hotels, Cama Hospital and the Nariman House. Altogether 14 policemen and security personnel died combating the terrorists. Among them were Hemant Karkare, the Chief of the Maharashtra Anti-Terrorism Squad and Additional Commissioner of Police, Ashok Kamte.

The Mumbai attack came nearly a month after the horrific bomb blasts in Assam in which 89 people were killed in Guwahati, Kokrajhar, Bongaigaon and Barpeta Road. Earlier, there had been bomb explosions in Bangalore and Ahmedabad in July and Delhi and Malegaon in September, 2008. But unlike these attacks, in which the involvement of groups within the country was there, the Mumbai attack was perpetrated by a group of persons who were Pakistanis and who came from there.

In the aftermath of the Mumbai attack, there was outrage and condemnation all over the country. This was utilized by a big section of the corporate media and strategic experts to demand military action against Pakistan. There was also a systematic campaign whipped up against politicians. This anti-political propaganda had some impact on the middle classes.

The Prime Minister called an all-party meeting on November 29 to discuss the situation. The CPI(M) took the stand that priority should be given to revamp the intelligence system which had repeatedly failed to identify and

pre-empt those who were perpetrating the terrorist attacks. Effective coordination of the intelligence agencies has to be ensured. The second area of priority is police modernization and reforms and to rework the coastal security system. The present scheme is flawed and unworkable. Thirdly, since the evidence points to the terrorist group from Pakistan, India should present the evidence to Pakistan and ask them to act promptly. If they don't respond, then India should take the matter to the UN Security Council. The Security Council Resolution 1373 is comprehensive in asking the States to take necessary steps to prevent the commission of terrorist acts, deny safe haven to those who finance, plan, support, commit terrorist acts.

The government announced that it will set-up a federal investigation agency to deal with cases of terrorism. It also decided to amend the Unlawful Activities (Prevention) Act (UAPA) to introduce some strategic provisions on tackling terrorist offences. Earlier, the Party had not been in favour of a federal agency as it would encroach on the powers and jurisdiction of the states. But in the light of the terrorist attacks having inter-state ramifications and also external links, the Party decided that such an agency can be set-up but it should not lead to state governments being excluded from the investigations into terrorist crimes in their states. The Party wanted that the National Investigation Agency (NIA) Bill introduced in Parliament ensure that states would be associated with the investigations of the agency. The Act, however, does not assure this but only provides for the agency associating the state government, if it is found expedient.

As for the amendments to the UAPA, the Party did not agree with three of the amendments which brings in draconian provisions such as denial of bail upto 180 days against the existing 90 days; presumption of guilt of the accused, if certain evidence is presented in court; and a police officer who demands information related to terrorist offence from anyone, having the power to prosecute the person who fails to provide such information and punishment of upto three years for this offence. Past experience shows how draconian provisions are used against the minorities, leaders of popular struggles and opposition activists.

In Parliament, only the Left parties opposed the amendments to the UAPA while on the NIA Bill, some other parties – TDP, AIADMK and BSP – supported the stand that states cannot be bypassed.

The Congress leadership sought to tackle the widespread criticism of the failure to deal with the terrorist attacks by getting the Home Minister Shivraj Patil to resign. He was replaced by the Finance Minister P. Chidambaram. In Maharashtra, the Chief Minister Vilasrao Deshmukh belonging to the Congress and the Deputy Chief Minister and Home Minister R. R. Patil of the NCP resigned. They were replaced by Ashok Chavan and Chaggan Bhujbal. However, the National Security Advisor to the Prime Minister who has the main responsibility for dealing with security matters was not removed.

The rightwing corporate media demanded that India should respond like the United States did after 9/11. They claimed that the US has not been subject to any terrorist attack since 9/11 because of the aggressive measures taken. The BJP tried to stoke these demands. The global war on terror unleashed by Bush used the 9/11 attack as a pretext to invade Iraq. Ten lakh Iraqis have died in the past five years and terrorism which was absent in Iraq became a constant feature there. The reality is that terrorism has spread worldwide and has not been curbed by the US “war against terror”.

In India, the bulk of the terrorist attacks in the recent period have emanated from the internal situation. Of the series of terrorist blasts between 2005-2008, some can be traced to extremist elements within the Muslim community and the recent revelations have shown how extremist Hindutva elements have resorted to terror in Malegaon and other places. One should not overlook other types of terrorist violence such as the ULFA-sponsored attacks in Assam and the terrorist violence resorted to by extremist ethnic groups in the North East.

The Mumbai attack has had its effect on India-Pakistan relations. In the present atmosphere, the composite dialogue has been suspended. International pressure has to be built up to make Pakistan take firm action against the terrorist groups and elements. The Manmohan Singh government prefers to rely on the United States to get this job done. The United States’ priority in the region is to pursue the war in Afghanistan with renewed vigour. For this, it requires Pakistan’s full cooperation. In fact, it is the war waged by America in Afghanistan which has spilt over into Pakistan and created conditions for the pro-Taliban and fundamentalist forces to be active. India should elicit the support of Russia and Iran to formulate its strategy in Afghanistan. The identification of India with US and Israel, as pointed out in the last Central Committee report, will impact on our domestic security situation.

Terrorism by Hindutva Elements

In the weeks preceding the Mumbai attack, the focus on the terrorist problem had dramatically shifted to the role of some of the extremist Hindutva elements. The investigations into the Malegaon blasts, which took place on September 24, revealed the role of some of the extreme Hindutva elements. The arrest of Pragya Thakur, Lt. Col. Purohit and eight others revealed that extremist organisation like “Abhinav Bharat” and other similar elements had prepared for the bomb attacks. The 2006 Nanded (Maharashtra) blasts had killed two Bajrang Dal activists. This was the tip of the iceberg. It was this ring which had planted bombs in the mosques in Jalna and Parbhani. The arrest of a serving officer in the army is a disturbing pointer to how such elements have infiltrated the armed forces. The ongoing investigations show the links of the extremist Hindutva elements with other terrorist attacks such as the Hyderabad Mecca Masjid blasts and in Ajmer Sharief.

The arrest of Pragya Thakur, a former ABVP leader, and other elements which have connections with Hindutva organisations has exploded the whole campaign of the BJP-RSS targeting the Muslim community for terrorism. The BJP had made the anti-terrorism plank as a main part of its political campaign. It accused the UPA government of being soft on terrorism alleging it wanted to appease the minority vote bank. The failure to combat “Islamic terrorism” was blamed on this approach of the secular parties.

After the Malegaon blast investigations and arrests of the Hindutva elements, the RSS orchestrated the campaign that Hindu religious figures were being falsely implicated. The BJP President Rajnath Singh condemned the government for targeting the Hindu religious figures. L. K. Advani demanded a judicial probe into the torture of the Pragya Thakur and demanded a complete change in the team headed by Hemant Karkare. The Shiv Sena gave a call for a bandh on November 30 against the arrest and prosecution of Hindu religious figures (which was subsequently withdrawn after the Mumbai attack).

The killing of Hemant Karkare by the terrorists in Mumbai exposed this perfidious campaign by the BJP-RSS combine. It is important to ensure that the investigations in the Malegaon blasts and related attacks are speedily completed and the guilty brought to trial. The BJP’s efforts to communalise the problem of terrorism should be exposed. The link between terrorism and communalism must be properly explained to the people. Communalism and religious extremism feed terrorist violence. Pogroms against minorities and the inability to render justice to the victims helps the extremist cause within the minority community. The Hindutva fanatics have been resorting to various forms of violence to terrorise the minorities, the latest instance being the violence against the Christians in the Kandhamal district of Orissa. Even now 11,000 Christians are living in refugee camps there.

The Central Committee meeting in October 2008 had called for a one-week campaign against communalism and terrorism from October 30 to November 4. This has been observed all over the country. The issue of communalism and terrorism should be taken up as part of our political campaign in the coming days too.

Assembly Elections

Assembly elections have been held in six states during this period. They are Madhya Pradesh, Chattisgarh, Rajasthan, Delhi, Mizoram and Jammu & Kashmir. The assembly election results in the four states of MP, Rajasthan, Chattisgarh and Delhi were seen as an indicator of the trends for the Lok Sabha elections. This in itself was misleading as the 2003 elections in these states where the BJP did well, winning three out of the four seats did not translate into a NDA victory six months later.

The BJP won the Chattisgarh and Madhya Pradesh elections while the Congress retained Delhi and was able to form a government in Rajasthan

though it is slightly short of a majority. The results show that both the BJP and the Congress could not take much satisfaction from them. The BJP suffered a bigger setback as it had been confident of victory in Delhi, which it had lost, after two terms of the Congress government, and also it had to see its government ousted in Rajasthan. The Congress party on its part could not dislodge the BJP in MP and Chattisgarh. With the exception of Chattisgarh, the ruling parties in the other three states lost ground in terms of votes and seats. This shows the discontent against both the Congress and the BJP. In Madhya Pradesh, though the BJP lost 2.4 per cent of the vote, it was not sufficient to dislodge it as it had an 11 per cent lead in the last elections. In Delhi, the Congress lost 7.8 per cent of the vote, but it survived as the bulk of this went to the BSP and not to the BJP. The Congress had a 13 per cent lead in the last election, so it was still able to have a 5.2 per cent lead. In Rajasthan, the BJP lost 4.9 per cent of the vote compared to the last election and the Congress gained 1.7 per cent. Chattisgarh was an exception, the BJP gained 2.1 per cent more vote compared to the last election and winning the same number of seats as last time – 50.

It should also be noted that in both Madhya Pradesh and Rajasthan, non-BJP, non-Congress parties and independents polled around 29 per cent of the vote, showing the discontent with both the parties. The BSP did well in Delhi getting 14 per cent of the vote. It did not do as well in Madhya Pradesh where it registered only 1.7 per cent increase in vote and got only 7 seats. In Rajasthan, it improved its tally from 2 to 6 seats polling 7.6 per cent of the vote. In Mizoram, the MNF was ousted from power after two terms. Its record of corruption and misrule under Chief Minister Zoramthanga enabled the Congress to win a clear majority.

The Party's performance in these elections was noteworthy in Rajasthan. In the other states where we are extremely weak, only in MP we had a sitting seat which we have lost. The Party's vote share has declined compared to the last election. In 2003, the CPI(M) contested nine seats and got 62,000 votes. This time, contesting 12 seats we could get only 37,208 votes. The poor performance in MP, Chattisgarh and Delhi underlines the lack of serious planned work in the constituencies well before the elections and the reliance on a general campaign at the time of the election which yields no results.

In Rajasthan, the sustained struggles of the peasantry on canal water supply in Ganganagar, Hanumangarh and Bikaner districts and electricity struggle of the farmers in Sikar and adjoining areas helped the Party and the mass organisations to expand their influence. The successful struggle for the implementation of the NREGA in Sikar district has also helped in widening the base of the Party among the landless and rural poor. The Party contested 34 seats. We won in three. In four more seats we polled more than 20,000 votes and in another four seats more than 15,000 votes. We have polled nearly four lakh votes. The Party's vote share of the total votes has increased from 0.7 per cent to 1.62 per cent.

The experience of Rajasthan should be absorbed by the weaker states, particularly the Hindi states.

Jammu & Kashmir Elections

In Jammu & Kashmir, contrary to the general opinion that polling would be badly affected by the boycott call of the separatist forces, the overall percentage of polling was 62 per cent in the entire state. In the valley, even in the areas where the separatist influence was strong, polling was better than in the last election. The large participation by the people has given credibility to the democratic process. The elections have resulted in a hung assembly. The National Conference emerged as the single largest party winning 28 seats. The PDP won 22, the Congress 17, the BJP 11, J&K Panthers Party 3, CPI(M) 1 and others 3. The party had contested in seven seats and supported one independent. We could retain the Kulgam seat for the third time with Yusuf Tarigami winning by a narrow margin. The second seat Wachi was lost with Mehbooba Mufti of the PDP winning the seat. The Jamaat-e-Islami came out actively to mobilize voters against the Party candidates in Kulgam and neighbouring constituencies.

The PDP and the BJP have been able to improve their tally. The BJP which had only one seat last time got 11. This also reflects the polarization which has taken place after the Amarnath land agitation and the mess created by the Azad government. The National Conference and the Congress have formed a coalition government with Omar Abdullah as the Chief Minister and the Congress having the Deputy Chief Ministership.

The successful holding of the elections should not be interpreted as a negation of the Kashmir issue. The alienation of the people still exists and unless concrete steps are taken for a political settlement revolving around the provision of maximum autonomy, the problem cannot be solved by administrative and security measures. The National Conference has a stand for maximum autonomy. The Congress Party should realize that without provision of maximum autonomy for the state and autonomy for the regions, a durable settlement cannot be arrived at.

Karnataka By-Elections

By-elections to eight seats in the Assembly were held in Karnataka in December 2008. 7 MLAs – 3 Janata Dal (Secular) and 4 Congress – had defected to the BJP and resigned from their seats soon after the Assembly elections. 1 seat fell vacant after the death of a JD(S) MLA. The BJP needed to get 3 MLAs from these 8 seats to acquire a majority in the Assembly. The BJP was able to win 5 out of the 8 seats, thereby ensuring a majority in the Assembly. The JD(S) won 3 seats and the Congress failed to get a single seat. With these elections, the BJP government has consolidated its position. There is the danger of the BJP extending its communal politics further in the state.

Parliament Session

The UPA government once again made a mockery of parliament by extending the July session of parliament to the ten day session held in December. There was no full fledged Winter session of parliament. During the year, the Lok Sabha met for less than 50 days and the Rajya Sabha for only 36 days. In the parliament session, the government gave priority for the NIA bill and the amendments to the UAPA in response to the Mumbai terrorist attacks. But it also introduced two insurance bills – one to amend the LIC Act and the other to raise the cap of FDI in insurance sector from 26 to 49 per cent. These bills have gone to the standing committee and are yet to be adopted. But by these steps, the Manmohan Singh government wants to signal to international finance capital and fulfill its commitment made to the United States through the Joint CEO Forum, that it is going ahead with financial sector liberalization. These measures, coming in the wake of the glaring evidence of the malpractices of American insurance companies like AIG is a shameful betrayal of national interests. The Manmohan Singh government and the Congress leadership's subservience to pressures of US and finance capital must be fully exposed.

The UPA government rushed through 12 Bills on the last two days of Parliament without any discussion. However, as far as the Women's Reservation Bill is concerned, the government has shown no interest in getting it passed with the legislation still in the Standing Committee.

West Bengal: Concerted Attacks

A concerted bid to attack and isolate the CPI(M) and the Left Front government has been going on in West Bengal. Political forces ranging from the extreme right to the extreme Left have been ganging up to organize violent agitations and to create disruption of normal life. After the Maoist attempt on the life of Chief Minister Buddhadeb Bhattacharya through a landmine blast in West Midnapore district, an agitation was conducted in Lalgarh area to protest against police operations. Roads were cut off and the area blockaded. The Trinamul Congress, the BJP, the Jharkhand Party and the Congress – all combined to support the agitation -- with the active backing of the Maoists. After patient efforts at negotiations to address the genuine grievances of the people, the Party and the administration was able to isolate the Maoists and other disruptive forces and rally the mass of the tribal people.

Whether it is the Gorkhaland movement, the demand for Greater Coochbehar, or the efforts to pit the tribal people against the Left Front Government, the gameplan is to try and isolate the Party and the Left from the tribal people, scheduled castes, minorities and the hill people who have traditionally stood with the Left. For this, identity politics, caste and ethnic divisions are sought to be utilized.

The concerted attack in West Bengal is part of the overall plan to isolate and weaken the Party at the all India level. Both imperialism and the reactionary forces are behind this effort. These are not isolated attacks.

The entire Party in the country must expose this anti CPI(M) onslaught and rally all the democratic and progressive forces to counter this campaign.

Strike Struggles

During the last three months, there have been a number of all India struggles by the working class and other sections of the working people. The bank employees conducted a two-day strike in September against privatization and measures to weaken the public sector banks. The insurance employees went on a one-day strike in December against the introduction of the bills to increase FDI in the insurance sector and measures to dilute the government's stake in the LIC. All the coal unions gave a call for a three-day strike in January 2009 which led to a settlement of their demands including wage benefits.

Political Situation

The October CC report had noted that "Both the terrorist violence and the communal riots are being utilized by the BJP to create a communal polarisation which will help them in the elections". This was stated in the background of the prolonged attack on Christians in the Kandhamal district of Orissa and the attacks on Christians in Mangalore and other places in Karnataka. There had been also communal violence in Dhule in Maharashtra and Bhainsa town in Adilabad district in Andhra Pradesh. Large scale violence had taken place in Darang and Udalguri districts of Assam due to clashes between Bodos and Muslim settlers in the region. Though a big majority of those killed in the attacks and in the police firing were Muslims, the BJP-AGP have been conducting a widespread campaign against the minority community utilizing these incidents.

As stated earlier, the involvement of the extreme Hindutva elements in Malegaon and other terrorist attacks should be utilized to expose the double standards of the BJP-RSS combine and how they use terrorism as a communal issue.

The Lok Sabha elections are scheduled to be held in April- May 2009. There will be a short session of parliament in February when a Vote on Account will be passed. All political parties are preparing for the Lok Sabha polls.

The BJP leadership has had a meeting with the leaders of the RSS to formulate the election platform to coordinate their election work. The BJP is trying to finalise all its candidates by the end of January. After having drawn the AGP and the INLD into an electoral alliance, the BJP did not succeed in getting any worthwhile ally in Andhra Pradesh or Tamilnadu. Its efforts to rope in Chiranjeevi's Praja Rajyam has not succeeded. Within the NDA, the BJD-BJP alliance is under strain in the post Kandhamal situation. In Orissa there is going to be assembly as well as Lok Sabha elections.

In the Congress-UPA camp, the Congress-Samajwadi Party are working to finalise seat sharing in Uttar Pradesh. The Congress has joined hands with the National Conference to form the government in Jammu & Kashmir and this should open the way to fight the Lok Sabha elections together.

As decided in the October Central Committee meeting, the electoral tactics in Andhra Pradesh and Tamilnadu were finalized. In the case of Andhra Pradesh, we were successful in getting the CPI to arrive at a common approach for an understanding with the TDP. Subsequently, district level political conventions are being held with the activists and workers of the three parties. There is a possibility of the Telengana Rashtra Samiti coming to an understanding with this combination.

In Tamilnadu, after the state committee discussed the matter, the Polit Bureau decided that we should have an electoral understanding with the AIADMK. The AIADMK is a regional party with the same class character as other regional parties. As a Party with a big mass base, it is well equipped to fight the DMK-Congress alliance. From the outset, the AIADMK had come out strongly against the Indo-US nuclear deal. Like the DMK and other regional parties, it has shown itself to be opportunist in joining hands with the BJP in the past. However, after the 2004 Lok Sabha elections, it has not been going with the BJP and the AIADMK leader expressed her willingness to have an understanding with the Left parties. The CPI and the CPI(M) have both decided to have an electoral understanding with the AIADMK.

In Assam, apart from the understanding with the CPI, some talks are being held with the AUIF to see if we can have some understanding. In Maharashtra, discussions with the PWP and JD(S) are to be held for an understanding.

Party's Preparations for the Lok Sabha Polls

The Party should conduct a vigorous political campaign in the run-up to the Lok Sabha polls. We should call for the defeat of the BJP and the NDA alliance to ensure that the communal forces are kept out of power at the Centre. The BJP's communal approach to terrorism should also be exposed. The campaign should attack the UPA government's anti-people economic policies and the harmful consequences of the strategic alliance with the United States for national sovereignty. We should call for the defeat of the Congress and the rejection of the UPA in the election. We should demand alternative policies to protect the jobs and livelihood of the workers, peasants and all sections of the working people. The Left parties alongwith the secular parties should work together to make a non-Congress, non-BJP alternative realizable.

Most of the states have decided on the seats to be contested in the Lok Sabha elections. Outside the states of West Bengal, Kerala, Tripura, Andhra Pradesh and Tamilnadu, the Party should try to fight atleast one or two seats in all the states with some exceptions. In states like Punjab, Gujarat, Haryana, Madhya Pradesh and Himachal Pradesh, we should confine

ourselves to fighting only one seat and concentrate in them. The Party units and mass organisations should begin work in all the constituencies immediately.

Conclusion

The Party should continue the campaign against communalism and terrorism. The Party should conduct the anti-imperialist campaign and organize protests against the Israeli aggression in Gaza which has already cost the lives of hundreds of Palestinian people.

Under the impact of the global economic crisis, jobs and wage cuts are becoming widespread. Workers in the unorganized sector and traditional industries are also badly hit. Prices of agricultural commodities have sharply declined. The Party and the mass organisations should take up the struggle to defend jobs and the livelihood of the people and steps to curb price-rise of essential commodities.

The Party should demand the stepping up of the implementation of the NREGA, extension of employment guarantee scheme to urban areas, expansion of PDS, universalisation of ICDS and other social welfare measures to meet the increasingly difficult economic situation.

The Party should make all out preparations and concentrate work in the constituencies we are fighting in the forthcoming Lok Sabha elections. The whole month of February should be devoted to the political campaign projecting the Party's views and policies.