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# COMMUNIST PARTY OF INDIA (MARXIST)

## Central Committee Office

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### Political Organisational Report Of The 18<sup>th</sup> Congress

#### Part II

#### On Certain Policy Matters

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During recent years, many theoretical issues having a bearing on policy matters with practical implications have arisen. These relate mainly with the current phase of globalisation taking place in the world capitalist system, the consequent wide scale socio-economic-cultural changes in general, and, in particular, its serious implications through domestic economic reforms for the Indian economy and the Indian people.

#### Globalisation

Globalisation, as the present phase of capitalist development is known as, is a process that must be understood in its totality. The internal laws and the dynamics of the functioning of the capitalist economic system dissected by Karl Marx and enriched subsequently by Lenin show that as capitalism develops, it leads to the concentration and centralization of capital in a few hands. The consequent accumulation of capital, in turn, needs to be deployed to earn profits which is the *raison d'être* of the system.

Towards the end of the 20<sup>th</sup> century, more specifically in the decade of the eighties, this process of centralization led to gigantic levels of accumulation of capital. The beginning of the nineties saw the internationalisation of finance capital which had grown in colossal leaps. This globally mobile finance capital had acquired unprecedented dimensions. At the turn of the 21<sup>st</sup> century, the turnover in the global financial transactions was estimated to be over \$400 trillion, or, nearly 60 times the annual global trade in goods and services estimated to be around \$ 7 trillion.

This huge accumulated finance capital required a world order that places absolutely no restrictions on its global movement in search of predatory speculative profits.

Simultaneously, the huge accumulation of capital taking place with the multinational corporations, the assets of some of whom outstrip the combined GDPs of many developing countries, also created conditions which required the removal of all restrictions on the movement of this industrial capital in search of super profits. Similar pressures also developed with capital engaged in international trade and commerce seeking the removal of all trade barriers and tariff protection.

Thus, the laws of capitalist development by themselves created the objective conditions for the current phase of globalisation whose essential purpose is to break down all barriers for the movement of capital and to dovetail the economies of the developing countries to the super profit earning drive of multinational capital. The objective that clearly emerges is one of seeking the economic recolonisation of the developing countries or the third world.

There are three main features of this process of globalisation that merit attention. First, globalisation is accompanied by the utilisation of vastly growing scientific and technological advances not for the benefit of the vast masses of humanity but for strengthening the rapacious plunder for greater profits. The nature of capitalist development, where consumption power of vast masses of people lags far behind the productive power of society, makes large number of people redundant and create huge army of unemployed. The net result is, while moderate growth is achieved, it is done without generating employment and, in fact, reducing its future potential. This is the phenomenon of "jobless growth", which in many developing countries is assuming the form of "jobloss growth". The character of employment is rapidly changing with deteriorating job security and service conditions; casual/contract jobs are replacing regular employment.

Secondly, this phase of globalisation is accompanied by sharp widening of inequalities. This is true for both between the developed and the developing countries and between the rich and the poor in all countries. This is starkly illustrated by the fact that the combined assets of 358 billionaires in the world is greater than the combined annual GDP of countries constituting 45 per cent of the world's population, or, 230 crore people. The share of the poorest 20 per cent in the world's population is less than one per cent down from 1.4 per cent in 1991. The Human Development Report, 2004 shows that 46 countries have become poorer now than in 1990. A distinctive feature of this phase of globalisation is the acute agrarian distress that has spread in all developing countries marked by alarmingly growing levels of starvation and destitution. We in India continue to experience this in the recent years as noted in our political resolution.

Thirdly, such large-scale impoverishment of the vast majority of the world's people means the shrinkage of their capacity to be consumers of the products that this globalised economy produces. This renders the entire process of globalisation to be simply unsustainable.

The only way imperialism seeks to sustain this unsustainable exploitative order is by intensifying its political and military hegemony. The burdens of the economic crisis will surely be shifted to the people who are already groaning under the globalisation onslaught.

As this process of globalisation was underway came the collapse of the former Soviet Union and the socialist countries in Eastern Europe. This convergence at the beginning of the decade of 1990s set in motion a renewed aggressiveness by imperialism led by the USA.

The visions of a "new world order" under the US leadership unfolded. The efforts to impose a comprehensive US hegemony on all global matters was unleashed. The post-Cold War bipolar international situation instead of

moving towards multi-polarity is sought to be short-circuited by USA to create a world of uni-polarity under its tutelage.

However, anticipating in many ways the contours of such developments, the CPI(M) Updated Party Programme notes: *“Despite the fact that the international correlation of forces favour imperialism at the end of the twentieth century and capitalism continues to develop productive forces with the application of new scientific and technological advances, it remains a crisis-ridden system apart from being a system of oppression, exploitation and injustice. The only system, which is an alternative to capitalism, is socialism.”*

The struggle for an alternative socialist order has to be based on the revolutionary transformation of the existing order. **This, in turn, needs an engagement (i.e., joining issues) of the revolutionary forces with the existing world realities with the sole objective of changing the correlation of forces in favour of socialism.** This process of revolutionary transformation has to be based on such an engagement and not on the wishful thinking of escaping from the existing realities. **The entire history of the revolutionary movement led by the working class is the history of such an engagement with the existing realities in order to shape the material force required to establish the alternative in socialism.**

### **International Capital Flows**

The essential feature of the present phase of globalisation is the rapacious drive to maximize profits by removing restrictions on the movement of capital. This necessarily entails the movement of foreign capital in search of superprofits. The flow of both foreign direct investment and foreign institutional investment (primarily for speculative profits in financial markets) is something that will take place. This is the case, as long as the socialist alternative to globalisation does not command a significant force internationally.

Under these circumstances, we, as Communists, will have to deal with the situation by mustering sufficient social and political strength to impose conditions on such flows of international capital.

In this context, given the fact that globalisation seeks to undermine, if not nullify, national economic sovereignty, our effort should be directed to protect and strengthen this sovereignty. The surrender of national sovereignty to imperialism makes the task of revolutionary transformation all that more difficult. On the contrary, strengthening popular resistance to this sharpens the class struggle contributing to the shift in the correlation of class forces in favour of the revolutionary forces.

Recognising this reality, the CPI(M) Programme notes that following the completion of the democratic stage of the revolution, the People's Democratic State will: *“Allow foreign direct investment in selected sectors for acquiring advanced technology and upgrading productive capacities. Regulate finance capital flows in the interests of the overall economy.”* Till this stage is achieved many interim slogans and approaches will have to be worked out.

Under such circumstances, the flow of foreign capital into our country, in the present conditions, must be regulated by stipulating the following conditions: a) such capital should augment the existing productive capacities in our economy; b) such foreign capital must upgrade the Indian economy technologically; and c) such capital must lead to employment generation.

While foreign capital will seek to exploit our natural resources and labour to garner superprofits, the struggle for imposition of these conditions will, apart from making the resistance to the task of eroding national sovereignty more effective, render some benefit to the Indian economy and the people.

Apart from these conditions, the entry of foreign capital into specific areas (like, for instance, with respect to agricultural sector, for example, land use regulations, trade tariffs, seeds, fertilizers etc) which can have negative consequences for our economic and political sovereignty must be opposed. This must be based on our programmatic understanding to regulate capital flows in the interest of the overall economy. The havoc that speculative capital can wreak on the economy was nakedly visible in the East Asian crisis. There is therefore an urgent need to regulate such flows of finance capital.

Our opposition to neo-liberal policies that undermine our economic sovereignty and the reasoning for the same must be accompanied by the projection of our alternative set of policies.

## **Public Sector**

The public sector in India was built by the bourgeois-landlord ruling classes to provide the basic infrastructure for advancing the capitalist path of development in independent India. The CPI(M) never had any illusions that the public sector constitutes the “socialist component” of the Indian economy. The public sector was the bedrock on which the growth of the private capitalist sector took place leading to massive profits and capital accumulation in the hands of the Indian ruling classes which, in turn, as the Party Programme notes, paved the way for the demand for the privatisation of this very same public sector. Privatisation of public assets is the most convenient loot bolstering super profits.

However, with the State taking over the key natural resources and the financial sector after independence, the consequent strengthening of the public sector continues to remain a bulwark against all efforts to undermine India’s economic sovereignty under globalisation. The CPI(M)’s defence of the public sector, in the era of globalisation, thus, must be seen in this context of protecting India’s economic sovereignty. Further, the public sector plays an important social role in Indian conditions including implementing reservations in employment.

The public sector, however, is neither homogenous in its composition nor free from innumerable problems. Further, it must be underlined that many public sector units were created when the State took over sick private industries in order to protect both the industry and the workers.

In this context, the public sector will have to be seen in four different categories: a) giant profit-making units in the core and strategic sectors

usually referred to as *navaratnas*; b) medium size profit making public sector units; c) loss making but potentially viable units; and d) unviable and or, chronically loss making units.

The former two categories must remain in the public sector and any erosion in their equity must be resisted. Public sector institutions dealing with research and development must be protected and strengthened as these significantly contribute to strengthen our economic sovereignty. Similarly, the drainage of exhaustible mineral resources must be stopped. There are certain public sector enterprises which serve a social purpose. These cannot be judged only by the criteria of profit-making. Such enterprises are generally in public utilities and public services. There has to be a strong public sector in these areas, such as public transport, even when the private sector exists in them.

These industries must be dealt with in accordance with the CPI(M)'s programmatic understanding: *"Strengthen public sector industries through modernisation, democratisation, freeing from bureaucratic controls and corruption, fixing strict accountability, ensuring workers participation in management and making it competitive so that it can occupy commanding position in the economy."*

As far as the third category is concerned, all efforts must be made for the revival of such units. Similarly, all efforts for the revival of the fourth category must first be made. If such efforts do not succeed, then other options may be considered, including joint sector, or, in the final eventuality the disposal of these units. Under all circumstances, the interests of the workers must be protected. In cases where the terms of the sell off or closure of units are weighted against the workers, we should lead or support the struggle of the workers for a more equitable package. These decisions, however, must be taken with the full confidence of the workers and the management by the government. The same approach must be undertaken by the state governments in relation to state public sector undertakings.

### **CPI(M)-Led State Governments' Approach To Foreign Loans**

Under globalisation, the neo-liberal policies reduce state governments to extreme penury, by reducing central transfers to them, by charging usurious interest rates on loans given to them (including even on small savings loans raised within the states themselves at much lower rates of interest), and by precipitating recessionary conditions and peasant distress. On the other hand, the imperialist agencies come with "aid packages" to these very governments to "help them out" of their fiscal predicament. If the Communist-led governments accept these packages or other "special packages" prepared by the Central government, then they are projected by the media (largely controlled by the globalisation agenda) as compromisers or in charitable terms as "pragmatists". On the other hand, remaining bogged down within fiscal constraints (which the Indian Constitution does not allow state governments to overcome on their own) and reducing expenditures on the people's welfare jeopardizes the existence of these governments.

These CPI(M)-led governments have come into existence and have survived against all odds as a result of years of massive arduous and dedicated struggles by the masses under the leadership of the Party and its committed cadres, hundreds of whom lay down their lives in the process. These governments constitute the outposts of the Indian people's struggle for better livelihood and for an eventual social transformation. Defending these governments in West Bengal and Tripura and the vantage position in Kerala is the absolute prime task of every Communist, of everybody ranged against imperialist globalisation.

It however must be kept in mind that under the Indian Constitution, the central government alone defines and implements major economic and industrial policies. The state governments have little autonomy in implementing any alternative policies.

Under these circumstances, the people expect these governments to protect the interests of the people without succumbing to imperialist blandishments and resisting the pressures of neo-liberal economic policies.

These governments, therefore, may accept aid for developmental projects but the important criteria that needs to be adhered is that there should be no conditionalities which are against our basic interests and policies. In no case should we go in for loans which involve structural adjustment programmes. Such programmes entail conditionalities like privatisation of certain sectors, downsizing staff, cutting subsidies and fiscal conditionalities.

The CPI(M)-led state governments have to function under constraints, including those imposed by imperialist-dictated policies at the Centre, which the Party fights to overcome. The Party's fight against such policies, therefore, is simultaneously a defence of the interests of our state governments. Whenever our governments hard-pressed for funds but duty-bound to provide relief to the people are offered loans by imperialist agencies and western governments, the Party should consent to such loans only if it does not weaken its fight against the imperialist-dictated policies. In all cases, where the Party agrees to such loans from international agencies like World Bank, ADB, DFID, JBIC etc, it must take the people into confidence and explain to them the justification for taking such loans.

Increasingly, in this phase of imperialist globalisation, a large number of western governments and agencies patronized by them fund developmental activities in third world countries. The question of accepting such funds will, once again, have to be based on a similar approach by evaluating the conditionalities that are attached. The thumb rule that must guide our governments as well as other institutions in deciding the acceptance of such funds must be based on an evaluation that this will provide some relief to the people and lead to economic improvement without compromising the state government's autonomy in economic decision making. Our attitude towards accepting such funding must strictly be based on such an understanding.

### **Withdrawal Of The State From Meeting Social Obligations**

Globalisation, in its very nature, implies the rapid withdrawal of the State from meeting all social obligations to the people. All spheres, including public

spheres, are to be privatized in pursuit of profits. Prominent amongst these are the spheres of education and public health.

The privatisation and commercialization of education and health sectors is proceeding rapidly and alarmingly. The State abdicates its responsibilities in the name of lack of resources while throwing open these sectors to the caprices of private capital.

While opposing such abdication by the state and mobilising public support and intervention against it, the CPI(M) shall also simultaneously work for the regulatory control of such privatisation and commercialization in favour of meeting people's interests. Such intervention, in itself, is an instrument of popular mobilization against this privatisation. The struggle for social control over private institutions of higher education; control to regulate fees and oversee content are steps in this direction. Likewise is the struggle to ensure that a percentage of patients are treated in private hospitals free. Such instruments of popular intervention must be strengthened. These, in the final analysis, will cumulatively accrue to the mobilizations and struggles against globalisation.

### **Opportunities For Popular Intervention**

One such opportunity arose in the field of literacy with the state rapidly reducing financial allocations making the achievement of the constitutional directive of "free and compulsory education upto the age of 14 years" an impossibility. This soon expanded into spheres of science policy and science popularization. Subsequently, newer opportunities and areas opened up. The Party's experience in the popular science movement and the consequent guidelines drawn way back in 1995 continue to remain valid today for other spheres as well.

The 1995 CC document "On People's Science Movement", generalizing the experiences of over a decade, noted: *"Since the formation of the network, the range of issues taken up have increased and so has the participation of the people in them. The objective of the Party members, however, must be clear: whatever be the issue on which these activities are organised, they must contribute to further deepening the democratic secular consciousness of the Indian people and strengthening their scientific temper. In this, they must be able to effectively counter the twin challenges posed by ruling class policies, and play a role in the defense of national sovereignty and secular and democratic rights and values. It is only through this that the Party will be able to advance its objectives and this must be the yardstick by which the activities are chosen and determined."*

While doing so, it is necessary to recollect some of the formulations of this document which continue to remain a valid guide for work in other areas as well. The document also warned: *"There are associated risks in such an approach. One such is the risk of co-option, where Party comrades, working in close contact with administration and the government, tend at times to assume the role of government officers and thus jeopardize our larger objectives. Another associated risk is that of "flush funding". The large amount of state resources can make some comrades susceptible to its influence. On both these counts, it is the absolute vigilance on the part of the Party committees which is important. No funding of any specific project,*

*whatsoever be its dimension, can be accepted by our Party members working in these organisations without the prior approval of the respective Party committees and fractions. Unless this is strictly adhered to such risks can undermine the objectives....*

*“Any new body that is being set-up by us, any funding that is being received by any such body will have to be taken only after prior approval of the Party committees at the Centre, state or respective levels.....*

*“Under no circumstance should organisations associated with the Party, either directly or through sponsored organisation, accept foreign funding. Foreign funding here means any funding that requires clearance under the FCRA.”*

Finally, while all the above applies equally to all Party comrades working in all spheres, the following must be adhered by all working with popular social movements: *“Our Party members have both the right and the liberty to author and produce literature that is within the broad framework of the Party’s understanding. But, any literature that contains formulations that are in divergence or not discussed by the Party earlier, must be cleared necessarily in the central or state fractions. The dissemination of literature coming from these organisations by the Party members leading them, is quite rightly construed as having the approval of the PB and CC. If such prior discussions in the central fraction and approval is not obtained, it would eventually amount to disrupting that very purpose of strengthening people’s consciousness which is the declared objective of these bodies. Notwithstanding the past experience, the failure to do so will be subject to Party discipline.*

*“It needs to be clarified that in an organisation whose broad activities and the diversity of the people associated with these will both necessitate the production of literature whose language and formulations may not be similar to that of the Party’s. In fact it should not be so. But this cannot be treated as a license to propagate viewpoints, by Party members, even for discussions, without the prior discussion and approval of the relevant Party committees.”*

This is the general approach that must guide the Party in working in all such organisations aimed at popular intervention. Our approach to NGOs and others must be based on these guidelines.

### **Our Stand On NGOs**

Two decades ago, the Party had warned about the activities of foreign funded voluntary organizations, some of whom were consciously serving the purpose of diverting attention of the people from the organized Left and to wean away young activists.

Since then NGO/voluntary organizations phenomenon has grown by leaps and bounds. It is not only the World Bank and other international agencies which promote the NGOs, from the late eighties, successive governments in India have officially adopted the policy of involving NGOs in development and welfare activities. This also fits in with the neo-liberal prescription that the State should hand over many such functions to NGOs and “civil society”. This

facilitates privatization of such important sectors such as education, health and social welfare. Over the last decade and a half, large amount of Government funds is made available in areas like rural development, women's empowerment, education, environment and social welfare measures to NGOs. NGOs are given consultative status in many governmental programmes. All this has led to the rapid proliferation of NGOs in a range of sectors.

Many NGOs are set up with the sole purpose of receiving government funds and then misusing them and diverting them for private use. Such racketeering siphons off funds meant for development and welfare activities.

Since 1987, there is a foreign contribution regulation act (FCRA) under which NGOs have to register to receive foreign funds. According to the reports submitted annually by the Home Ministry, the number of organizations and the amounts received are steadily increasing. 22,924 organisations were registered under the FCRA as on 31 March, 2001. Foreign contributions to the extent of Rs.4871.9 crore were received in 2001-02 as compared to Rs.4535.5 crore in 2000-01. Between 1999-2000 And 2000-01 there was a 15.6 per cent increase and between 2000-01 and 2001-02 there was a 7.4 per cent increase.

While some of the funds come in for bona fide charitable and welfare activities, a substantial amount comes for work among the tribals, women, dalits and other oppressed sections. In recent years there are also quite a few NGOs and social movements who have refused to accept foreign funds.

Western donor agencies aim, amongst others, to use the NGOs to spread depoliticisation. A large number of NGOs act in a manner so as to prevent the development of the organised movements of the different sections of the people and to discourage people from participating in political activities. During the course of holding the World Social Forum (WSF) in India in 2004, the Party had defined our attitude towards the NGOs. A large number of NGOs do participate in the WSF and there has been a constant engagement between those who call themselves as "people's movement" and the political movements led by the mass organisations affiliated to communist parties. It is true that a large number of these NGOs are funded by agencies that belong to the same countries that promote and impose globalisation. If this be the case, why do such NGOs play an important role in the WSF? Clearly, there is an ideological motivation behind this. The World Bank has consciously spoken in terms of sharing official and non-official platforms with political opponents of globalisation. This is a conscious effort to ensure that the growing protests against globalisation are kept within the framework of capitalism and imperialism, and the people are allowed to speak, literally to let their steam off!

Such an effort necessarily needs to be backed by an ideological construct. Shorn of its high-flowing terminology and minor variations, the ideological positions of the NGOs' "people's movements" can be summarised as below: the alternative to globalisation can come only when we achieve people's control over the world's resources. This means that the movements against globalisation must oppose both the corporate control over resources and the state control over resources. By opposing corporate control they seek to present themselves as being opposed to capitalism. By opposing state

control, they seek to present themselves as opposed to the experience of the socialist countries and therefore to socialism itself. It is this nebulous concept of people's control that they advocate, which essentially dilutes the effective opposition to globalisation and projection of the socialist alternative.

It is this ideological battle that must be joined. True, in the final analysis, the communists also seek the people's genuine and sovereign control over resources as well as social activity. But which is the socio-economic system that gives people both the legitimacy and the legal sanction to exercise this power? The only system that can provide such genuine people's power is socialism. Socialism, therefore, is the only alternative to imperialist globalisation.

Given the ideological and political character of the promotion of NGOs, our Party must constantly campaign that the State cannot abdicate its responsibilities in basic sectors like education and health and farm them out to NGOs. NGO work can at best be a supplement to the main work of the state in these areas.

We must also counter the efforts of some NGOs who seek to foster separate identities based on caste, ethnicity and region and seek to keep certain sections away from common movements.

The Party should work out the concrete stand keeping the above in mind:

a) The Party members should not participate in NGOs which are foreign funded especially when they are in the field organizing different sections of people. Any exemption will have to be cleared by the state committee and approved by the Polit Bureau.

b) There may be some NGOs which are working in a particular place and taking up the genuine problems of the people. It is for the concerned party committees to assess their role and decide if they can cooperate with such groups on certain issues. Mass organisations may have to work with such NGOs in a broad based platform and this can be done after approval by the Party.

Given the fact that considerable government funds for development in various sectors are being routed through NGOs, it may be necessary, especially where we are running governments, to set-up NGOs so that development work for the people takes place. In such a case the State Committee must formulate guidelines. Here too, it is to be noted that:

i) The deployment of Party cadre for such NGOs must be strictly decided by the concerned Party committees and approved by the higher committee.

ii) If party associates with some NGO set up for the purpose stated above, there must be mechanism to check the accounts and monitor the use of funds.

iii) Any organisation/NGO set up with Party approval or mass organisation should not receive foreign funds as defined in the FCRA. Any exemption will have to be cleared by the State Committee and approved by the P.B.

iv) Any such organisation, if it is to take government funds, must also get the approval of the concerned Party committee. In weak states, this must be approved by the State Committee.

### **On Self-Help Groups**

The Self-Help Groups (SHGs) are being promoted as official policy. It began with NABARD programme in 1992 and the Central Government now provides funds under the Swarnjayanthi Gram Swarozgar Yojana (SGSY) to the state governments for self-help groups. The SHGs have grown rapidly and overreached the target of one million (10 lakh) groups under the NABARD scheme before the scheduled year of 2007. The four southern states account for 75 per cent of the existing groups. 90 per cent of the members are women.

SHGs have helped provide women some opportunities to raise resources, create savings and get some relief from money lenders. It has also given them some avenues to be independent. But the limitations and defects have also to be understood. The can be briefly stated as follows: i. For the poorer sections of women, savings from the SHGs are not used for generation of income and creating productive assets but goes into consumption needs, food, health etc. Self-employed women are better able to use the loan to promote economic activities. ii. Lack of marketing facilities for their products and iii Bank linkage and support is inadequate and interests on loans are high.

Conceptually, the Government and the World Bank project micro-financing and SHGs as an alternative to rural credit which has drastically declined after liberalization. SHGs cannot be a substitute for institutional rural credit. Such an approach has to be opposed. SHGs should also not be seen as a vehicle to bypass panchayats for schemes such as sanitation, housing etc. As in West Bengal, the SHGs must be working under the panchayats, or in coordination with them.

According to state conference reports, there are 400 SHGs being run by the women's organisation in Tamilnadu and thousands more by the science movement and other organisations jointly. In Andhra, the women's front is taking up the issues of SHGs and established contacts with them. In other states like Karnataka, Bihar, Maharashtra and Assam, the women's organisation has set-up SHGs. In West Bengal, the number of SHGs have grown rapidly.

SHGs and their development cannot be ignored by the Party. There are some questions whether such a programme will not further the World Bank model of development. While utilising the SHGs, we should refuse to accept the concept of using SHGs to further privatisation and giving access to MNCs to use them to sell their products. It will be useful to study the West Bengal experience and the Kudumbashree projects undertaken during the LDF government in Kerala between 1996-2001. A workshop must be conducted at the earliest with representatives from states to further concretise the Party's approach to SHGs.

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