

Report on Political Developments
(Adopted by the CPI(M) Central Committee
At its meeting held between
September 24 and 26, 2006)

INTERNATIONAL

Introduction

During the three-month period since the last Central Committee meeting in June 2006, the consequences of the US “global war on terrorism” and its unilateral policies to maintain its hegemony have kept unfolding. The latest being the wanton aggression launched by Israel on Lebanon with the active encouragement and support of the US. The failure of Israel to suppress the Hizbollah resistance in Lebanon is an important turning point highlighting the strategic vulnerability of the US bid to reorder the Middle East. The setback for the US-Israel axis in Lebanon, the continuing bloodshed and deepening quagmire in Iraq for the US armed forces and the growing challenge of the Taliban in Afghanistan to the US-led forces have all highlighted the limits of US power and the growing resistance to this onslaught. Both Bush and Blair are facing the consequences. Bush with the lowest ratings among the American people and Blair being compelled to announce that he will step down within a year due to a rising revolt in the ruling Labour Party.

Attack On Lebanon

The Israeli aggression against Lebanon may well prove to be one of the defining moments of the post-Cold War era. Clearly, Israel seized the kidnapping of two of its soldiers by the Hizbollah as the mere pretext for attacking Lebanon. All indications are that Israel had been working on the war plans for the past several months and was in consultation with the U.S. In the event, Washington provided the diplomatic cover for Israel to pursue the war by stonewalling world opinion calling for a ceasefire. Even in the conduct of the war, the U.S. supplied Israel with cluster bombs specially designed to destroy the Hizbollah establishments in Lebanon.

The U.S-Israeli objectives were manifold. The emergence of Hizbollah as a dominant force in Lebanese politics has been to the dislike of the U.S. and Israel, given the militant organisation’s close links with Iran and Syria. Hizbollah stands in the way of the ascendancy of pro-American elements in the Lebanese power structure. Indeed, the emergence of Hizbollah has been the single most decisive factor that frustrates the long-standing U.S. conspiracies aimed at bringing the region under American domination.

In the event, Hizbollah’s performance in the war turned out to be a historical and strategic triumph. Despite the use of brute force, Israel failed in subduing,

let alone annihilating, the Hizbollah. Hizbollah's heroic resistance to Israeli aggression has enhanced its image and influence not only within Lebanon but also in the wider Arab world. A positive outcome was the emergence of a national resistance which drew in different sections overcoming sectarian divisions.

The brutality of the Israeli aggression and the duplicity of Washington's regional policy have led to a complete isolation of Israel and the U.S. in the Middle East. In the aftermath of the Lebanon war, U.S. influence in the region has plummeted to an all-time low. The U.S. and Israel have failed completely in realising their political objectives in launching the Lebanese war.

The current ceasefire in Lebanon following the adoption of Resolution 1701 by the UN Security Council appears to be fragile. The U.S. and Israel can be expected to further conspire against Hizbollah's emergence as a dominant force in Lebanon. This in turn may set the stage for, regrettably, another armed conflict in Lebanon and a new phase in the U.S.-Iran confrontation.

Iraq Situation

Iraq's slide into civil war conditions have accelerated in the past three-month period. The U.S. occupation forces have admitted that certain provinces in western Iraq are virtually under the control of the Iraqi resistance. Sectarian strife involving Sunni and Shia militia, primarily instigated by the U.S. policy of divide and rule, has further added to the climate of violence. Clashes have been reported amongst various Shia groups in the southern provinces. Over a hundred people are dying everyday in Iraq. The situation in the southern region, which was relatively peaceful, sharply aggravated.

The trends toward assertion of Kurdish separatism further gathered momentum in the northern region. Tensions are increasing in particular in the area of oil-rich Kirkuk in the northern region, which the Kurds claim to be part of their traditional homeland.

The domestic opinion in the U.S. has continued to become more strident in opposing the continued involvement of American troops in Iraq. But disregarding the public opinion, Bush has repeatedly insisted in the recent weeks that during his term in office, there would be no reversal of policy and the war would continue till the U.S. geo-strategic objectives are fulfilled. Bush is on record that the "war on terror" will continue for years to come into a distant future.

Afghanistan

The heavy-handed tactics used by the U.S. occupation forces and their allies over the past five years of the "war on terror" have created a fertile ground for the resurgence of the Taliban in Afghanistan. The Taliban is effectively tapping into the Afghan people's widespread and deepening distrust of the Western countries. Despite continued U.S. backing, President Hamid Karzai's

government is unable to extend its authority beyond Kabul. At the same time, rampant corruption, warlordism and a virtual standstill in economic reconstruction have pushed Afghanistan closer to a failed state.

The NATO assumed full responsibility for the security in August even as the U.S. which is already overstretched in Iraq, is increasingly finding itself unable to maintain its military strength in Afghanistan. But NATO forces have begun taking heavy casualties from the Taliban and are realising that the fighting is far worse than anticipated.

Meanwhile, the fighting capacity and the fighting willingness of the NATO allies has also come into focus, as most member countries are reluctant to commit troops in Afghanistan.

Iran Nuclear Issue

Iran resumed its uranium enrichment on August 8 despite the package of “incentives” offered by the European Union and the implicit threat held out in the UN Security Council Resolution 1696 passed on July 31 demanding that Iran stop all enrichment activities or face sanctions.

On August 22 when Tehran responded to the international community, it essentially offered to keep the communication line open on the issue, and it refrained from any outright acceptance or rejection of the conditions laid down in the UN resolution. Meanwhile, Iran is continuing with uranium enrichment activity, thereby asserting its rights and prerogatives as an NPT member country.

The US has failed to push for sanctions through the Security Council. The European countries appear reluctant and circumspect in imposing sanctions against Iran. Russia and China remain opposed to sanctions. Following the latest round of consultations between the European Union and Iran on September 8, both sides spoke with cautious optimism that a compromise formula could be found enabling the commencement of negotiations. Significantly, the French President has spoken out against sanctions.

Latin America

After the electoral success of the Left in Uruguay and Bolivia, determined efforts have been made to stop the Left's advance. In Peru, the populist candidate was defeated by the rightwing Social Democrat, Alan Garcia, in the second round. In Mexico, in the crucial presidential election, the Left candidate, Manuel Obrador, was narrowly defeated by the rightwing candidate, Calderon, in an election marred by largescale manipulation and rigging. Despite this, the margin of victory for Calderon was only 0.56 per cent votes. Obrador refused to accept this result. Hundreds of thousands of people rallied in the central plaza of Mexico city. Sit-in by huge crowds continued for more than two months paralyzing the city centre. The courts rejected the demand for a total recount. The federal electoral tribunal finally

declared Calderon the victor. But the huge vote polled by Obrador shows how the alternative platform is garnering increasing popular support in Latin America.

Coup in Thailand

The military coup in Thailand was aimed at removing the government of Prime Minister Thaksin Shinawatra. Thaksin's party had won two successive elections in 2001 and 2005. Thaksin, a billionaire businessman, became notorious for corruption and "vote buying". A movement developed to oust him which was based on the urban middle class.

The Generals' coup has the backing of the king. The constitution has been suspended and the military promises to hold elections after a year. The coup has exposed the fragile nature of democracy in Thailand. In some other major countries of South East Asia such as Philippines and Indonesia which are under US influence, the army is waiting in the shadows to step in whenever required. The United States which "promotes" democracy in South East Asia is unlikely to take any strong action apart from having expressed mild disapproval of the military action.

Sri Lanka

The situation in Sri Lanka sharply deteriorated, resulting in large-scale armed clashes between the government forces and the Liberation Tigers of Tamil Elam (LTTE). After various provocations by the LTTE, the military offensive launched by the government forces to seize the Mavilaru irrigation sluice gate located inside the LTTE-held territory in late July and the offensives against the LTTE positions in Sampur and on the Jaffna Peninsula led to a virtual state of war on the island. According to reports, the outbreak of hostilities has resulted in heavy loss of human lives. There has been an exodus of Tamil refugees to India.

The Co-Chairs of the Sri Lankan donors group – United States, European Union, Japan and Norway – have called for an immediate ceasefire and for holding urgent unconditional talks in Oslo in the beginning of October. But the Sri Lankan government has ruled out any "unconditional" talks and is maintaining that the army reserves the right to take steps to "neutralise" the threats posed by the LTTE to the Palaly military complex and airbase in Jaffna. The government has also objected to the date and venue of talks.

The Indian government has to actively engage with the Sri Lankan government to ensure that the peace process is resumed and steps taken to evolve an autonomy proposal for a political solution.

Nepal: Transition Issues

After the popular movement against the monarchy, the negotiations between the Seven Party Alliance and the Maoists made progress. However, in the

recent period there have been problems connected with the transitional period when an interim government will be formed till elections are held for the Constituent Assembly and the formation of a new government based on the new Constitution. The main hitch has been on the question of the arms held by the Maoists. The agreement provides for the Maoists combatants and their weapons being confined to certain designated areas while the Nepalese army is also to remain in the barracks. The sequencing of the events leading up to the elections to the Constituent Assembly are to be sorted out. The United States Ambassador is brazenly intervening in the internal affairs of Nepal and warning the Seven Parties Alliance not to accept Maoist participation in government without their being disarmed first. It is important that the SPA and the Maoists work out the details for the formation of an interim government and all other connected matters during the transitional period and foil the efforts of vested interests connected with the monarchy and the United States to derail the democratic process.

NAM Summit in Havana

The XIV summit meeting of the 118-nation Non-Aligned Movement (NAM) held in Havana on September 15-16 projected an unambiguous, comprehensive and inspiring perspective on the international situation from the perspective of the developing countries. The 90-page document titled the Havana Declaration reiterated a principled and clear opposition to any form of neo-imperialism.

The highlights of the Havana Declaration included its strong condemnation of unilateralism and the attempt to exercise hegemonic domination in the conduct of international relations. The Havana Declaration resolved to oppose and condemn the categorisation of countries as “good or evil” based on unilateral and unjustified criteria. It also rejected the doctrine of pre-emptive attack. While condemning all forms of terrorism, the document states that the struggle for national liberation or against foreign occupation cannot be branded as terrorism. Clearly, the Havana Declaration amounted to a severe indictment of the foreign policy course pursued by the Bush administration.

The Havana Declaration will undoubtedly become a key element for the promotion of multipolarity in the international system. Under the stewardship of Cuba, the NAM can be expected to play an active part in opposing the attempts to establish U.S. hegemony in the world order.

Russian-American Relations

The summit meeting of the G8 on July 14 in St. Petersburg helped showcase Russia’s re-emergence on the world scene as a major player. In the recent months, Russia pursued stronger economic, political and military ties with countries whose governments have been targeted by Washington for regime change. These include Venezuela, Syria, Iran and the Palestinian leadership. Russia’s continued opposition to any imposition of UN sanctions on Iran effectively undercuts the U.S. policy.

The unravelling of the Orange coalition in Ukraine and its replacement by the pro-Russian political forces in the power structure in Ukraine has come as a severe setback to the U.S. strategies of bringing the country into NATO.

Trends in the World Economy

The IMF forecast in September for the growth of global economy in 2006 is 5.1 per cent. This strong showing is possible mainly due to the 10 per cent GDP growth predicted for China and the 8.7 per cent growth for Asia.

Oil prices are touching new record levels, with a strong likelihood that they may reach as high as US\$ 100 per barrel. The extreme volatility in the geopolitics of the oil-rich Middle East imparts an air of unpredictability about the oil market. This cannot but adversely impact on the growth prospects of the economies of both advanced industrial countries and developing countries.

At the same time, it is apparent that the chances of a slowdown in the U.S. economy are increasing. The U.S. economy is likely to weaken substantially in the months ahead. Foreign investors presently hold more than 50 % of all U.S. Treasury notes and bonds.

Again, the strong real growth of personal income expenditure in the U.S. had served to fuel in the recent years the exceptionally fast economic growth of other countries that strove to meet the American consumers' appetite for consumer goods. In comparison, the prospects are that in the coming months, a combination of the decline in the home prices in the U.S, the rising inflation and increase in short term interest rates will significantly weaken personal consumption growth and consequently countries that heavily depend on export of consumer goods and capital goods to the U.S. market.

Negotiations aimed at reaching a consensus on the Doha round collapsed on July 24. This was due to the demands by the U.S. and the European Union for further concessions from the developing countries on tariff reductions on industrial products, and demands that the EU offer bigger cuts in farm tariffs and the U.S. reduce agricultural subsidies.

With the fate of the Doha round hanging precariously, the likelihood is that bilateral and regional negotiations will largely draw the rules of international trade in the period ahead. This would fit into the larger trend towards protectionism already manifest in the advanced countries. The point is, for domestic political reasons, the Western countries are unwilling to open up their politically sensitive markets to international competition.

National Situation

We have to take note of the major developments which have taken place in the country during the last three months since the last Central Committee meeting held in the beginning of June. The horrific bomb blasts in suburban trains in Mumbai followed by the explosions in Malegaon were meant to create communal tensions and provoke violence. On the economic front, all round price increase of essential commodities particularly of food items affected the common people. Due to the efforts of our Party, the Indo-US nuclear issue came into sharp focus and was discussed in parliament. The decision to resume the Indo-Pakistan dialogue is also an important development. During the August political campaign of the Party we were able to take the major political and policy issues and the Party's stand to large sections of the people.

Terrorist Attacks

The serial bomb blasts in seven trains in Mumbai caused the deaths of 183 persons and injuries to many hundreds. This horrific attack shows that there is an organised terrorist network operating. Earlier, within Maharashtra, there were cases of RDX being discovered in Aurangabad and evidence of local recruitment into terrorist modules. The 2002 pogroms in Gujarat and the failure of the State to bring to book the culprits who perpetrate acts of violence against the Muslim community caused anger and alienation which is being utilised by certain extremist elements. A bomb blast had taken place on a railway platform in Ahmedabad a few weeks earlier, after it failed to explode on the train where it was placed.

Apart from this, there were stepped up attacks by the extremists in Jammu and Kashmir. Tourists were targeted and the same day as the Mumbai blasts four people were killed in Srinagar. The aim of the extremist groups is to disrupt any progress towards normalization and peace.

Another major attack took place in Malegaon town in Maharashtra where three bomb blasts led to the death of 37 persons, most of whom were Muslims. The bombs placed in a graveyard and at the entrance to the mosque shows some deliberate pattern of trying to create communal polarisation. Malegaon has a history of communal violence. In both Mumbai and Malegaon people have maintained peace and amity and not fallen prey to the grave provocations.

These incidents underline the necessity to urgently improve intelligence gathering and coordination between the security agencies. Only these steps can ensure that the terrorist network is uncovered in time.

The Maharashtra police, after the Mumbai blasts, began targetting the entire Muslim community with house to house searches and rounding up of youth in Muslim residential areas. Such an approach is only alienating the people more and providing the extremists fertile ground.

The BJP has sought to utilise the Mumbai blasts to condemn the UPA government for being soft on terrorism and for abolition of Pota. Their demand is that a Pota like law should be reinstated and “minority appeasement” stopped. This has to be effectively countered by pointing out that Pota could not prevent any of the major terrorist attacks during the BJP rule. Contrary to the false charge of “minority appeasement”, all data show, Muslims are a deprived and discriminated lot. The Muslim minorities must feel secure and through affirmative actions be given their due share in education, employment and development.

Indo-US Nuclear Agreement

At the time of the July 2005 joint statement between India and US, the CPI(M) had warned that the nuclear agreement would be used to bind India into a close strategic alliance with the US. During the negotiations to implement the agreement, the Bush administration started shifting the goalposts and introducing new terms and conditions. The agreement had promised reciprocity and sequencing the agreement based on that. There was a commitment to cooperate on the full nuclear cycle and for a separate India specific additional protocol to be worked out with the IAEA. Both the House of Representatives and the Senate house committees have brought in various new provisions to the legislation which has to be passed for giving a waiver for the US President to proceed with the agreement. Seeing the changes and the new conditions the CPI(M) issued a detailed statement against the provisions of the US legislation and called upon the Indian government not to accept them. The Bill debated by the house committee talks of India taking a “concurrent” foreign policy. It calls for India actively working with the US to isolate Iran and impose sanctions on it. The additional protocol with the IAEA is not an India-specific protocol provided for in the July 18 statement. Neither will US cooperation extend to the full nuclear fuel supply. The Senate is still to take up its version of the bill, the draft of which is worse than the House of Representatives legislation.

The Party concluded that if the agreement is reached with such terms and conditions it will harm the independent development of India’s nuclear technology and compromise its independent foreign policy.

The UPA government sought to brush off these allegations by claiming that the objectionable provisions are non-binding. We demanded that during the monsoon session of parliament there should be a full discussion and there should be expression of the “sense of parliament” on the matter. The government sought to make general statements saying that it would adhere to the July 18 agreement and the July 27 statement made in parliament by the Prime Minister. The CPI(M) and the Left parties insisted that the nine points where the US stand deviates from the July 18 agreement should be clarified and the government’s position stated in parliament. The stand taken by the Left parties got independent confirmation and support when eight retired nuclear scientists sent a letter to the Prime Minister spelling out their reservations and concerns. Because of the firm stand taken by the Party, the

eminent nuclear scientists and growing public opinion, the government was compelled to agree to a discussion and a detailed reply by the Prime Minister. This was done in the Rajya Sabha on August 17. The reply of the Prime Minister covered all the major issues raised by the Left. The Left and some other parties declared that the Prime Minister's reply can be taken as the sense of Parliament. Even L.K. Advani has claimed credit for the BJP in forcing the government to define its stand in parliament.

The stand taken by the Party and its campaign against giving in to US terms and conditions has been appreciated among the scientific community and the intelligentsia. The US senate has to now debate the legislation. The content of the legislation has to be closely watched so that the next step in the campaign to prevent any compromise of India's vital interests can be taken forward.

Indo-Pakistan Dialogue

After the Mumbai blasts, the government postponed the foreign secretary level talks scheduled to be held in the end of July. The Pakistan government was asked to take affective steps to crack down on the extremist outfits operating there who were aiding the terrorist activities in India. During the Prime Minister's visit to Havana for the NAM summit in September, a meeting with President Musharraf of Pakistan took place. In this connection, the Left parties discussed the matter and decided that the opportunity should be utilised to resume the composite dialogue with Pakistan. This was conveyed to the Prime Minister. At the meeting in Havana, the two leaders decided to resume the composite dialogue beginning with the foreign secretary talks. The joint statement issued took cognizance of the Mumbai train blasts and decided on an anti-terrorism institutional mechanism "to identify and implement counter terrorism initiatives and investigations." The Pakistan government has to make sincere efforts to put down the extremist groups who promote terrorism if the resumption of the dialogue is to produce results. Our party welcomed the resumption of the composite dialogue. Issues such as Siachen and Sir Creek can be resolved if sincere efforts are made by both sides. The issue of Jammu and Kashmir must also be addressed at the political level for which both the India-Pakistan talks and the political dialogue with all parties and groups in Jammu & Kashmir should be pursued.

All Round Price Rise

The Central Committee in its June meeting had condemned the increase in the prices of petrol and diesel which was announced just prior to the last Central Committee meeting. The Left parties decided to conduct an all India protest day on June 13. Some other political parties were approached and they agreed to join. The Samajwadi Party, the Rashtriya Lok Dal, the TDP and the AGP agreed to observe the protest day. The Party had warned that the fifth successive increase in prices of petrol and diesel will fuel inflation and lead to increase in prices. The prices of all essential commodities have risen. The prices of wheat, atta, dal, vegetables, sugar and edible oil went up steeply.

Another major reason for the rise in prices has been the futures trading in food grains and other essential commodities. Futures trading was allowed by the BJP-led government in 90 commodities in 2002. By this forward and future trading some big traders and companies are able to garner stocks and push up the prices for speculative profits. Despite widespread demands that futures trading be curbed in foodgrains and other essential commodities, the UPA government has not taken any step in this direction. The demand that there should be no increase in prices of petroleum products and there should be a revision of taxation structure and an end to futures trading in foodgrains and essential commodities was part of the demand to curb price rise in the August campaign.

The consumer price index is constructed faultily. It does not reflect the actual price rise, thus depriving workers and employees of increased salaries and allowances to neutralize inflation.

In the coming days, the Party should continue to raise this demand along with the campaign for strengthening the public distribution system. Local struggles for proper distribution of BPL cards and ensuring adequate supply of foodgrains in the rationing system must also be taken up.

Import of Wheat

Earlier, the government had decided to import 3.5 million (35 lakh) tonnes of wheat on its account. This was subsequently increased to 5.5 million tonnes. The private sector was allowed to import three million tonnes at 5 per cent duty. This has now been reduced to zero duty till December. Thus, India became the world's largest importer of wheat this year. While the farmers got a minimum support price last season of Rs. 650 plus Rs. 50 bonus, wheat has been imported at a much higher price. When India entered the international wheat market, the prices of wheat shot up. The latest round of wheat imports have been at the rate of Rs. 1300 per tonne. Multinational companies like the Australian Wheat Board and Cargill of the US are the main beneficiaries. The output of Kharif foodgrains this year is slated to fall by nearly 5 million tonnes. Wheat production is showing a downward trend and is expected to be 69 million tonnes. The overall policies in agriculture and food will endanger food security, bring about dependence on food imports and increase prices of food grains for the people.

Disinvestment

The Union Cabinet decided in June that 10 per cent of Nalco and Neyveli Lignite Corporation shares would be disinvested. This led to immediate protests from the employees. The Nalco employees went on a one-day strike and plans were being drawn up for a more prolonged movement. The Neyveli employees went on an indefinite strike from July 2. The DMK was under pressure as the major union is affiliated to the DMK. Power generation was also totally disrupted. After vacillating in between by calling for shares being sold to the employees, finally the DMK announced that it will

withdraw its ministers from the government if the disinvestment was not called off. The Prime Minister was compelled to put the disinvestment on hold for all the PSUs after the DMK threat.

The Party and the Left had decided to intensify the struggle and make it into a popular movement. The consistent stand of the Left is now having its impact on other parties. Most of the political parties including those in the UPA were against the disinvestment. That the government retreated on this issue is a victory for those who do not want the weakening of the public sector by disinvesting shares in profitable PSUs.

Capital Account Convertibility

The Prime Minister had mooted the idea of introducing full capital account convertibility in March this year. The Party had opposed this move as it would encourage speculative inflows and volatility in the financial system. On the Prime Minister's initiative, the Reserve Bank of India set up the Tarapur Committee to propose steps for full capital account convertibility. The report of the Tarapur Committee has recommended to go forward towards fuller capital account convertibility. They include a phased increase in the cap on outward remittances by resident Indians through \$ 2500 in five years and the removal of restrictions on overseas investments by Indian non-bank financial institutions and corporates. This would facilitate increased capital outflow from India at a time when the government itself claims that the level of domestic savings is constraining domestic investment. The Tarapur Committee has refused to draw the important lesson from the spate of currency crisis faced by several developing countries over the past one decade. The common feature of all the crisis-affected countries were their liberalized capital accounts. India could avoid such a problem precisely because of the capital controls.

The Tarapur Committee has also made recommendations regarding the banking sector including bringing down government stocks in public sector banks to 34 per cent, allowing institutional houses to own stocks in Indian companies and doing away with the cap on voting rights in the bank boards – all meant to promote the interests of corporate sector at the cost of public sector banks. The recommendations of the Tarapur Committee have to be strongly opposed as a dilution of capital controls will lead to greater flows of speculative capital, increase the risk of a currency crisis and be contrary to what is stated in the Common Minimum Programme of reducing the “vulnerability of the financial system to the flow of foreign capital”. It will undermine any semblance of economic sovereignty.

The Party should be vigilant to check any move to introduce the measures suggested in the Tarapur Committee.

SEZs

The government has approved the setting up of 164 Special Economic Zones (SEZs) till September 20. Another 200 applications are to be processed. Based on the SEZ Act and the Rules and procedures and regulations framed thereafter, the SEZs are being set-up. The bulk of the SEZs approved so far are located in five states – Gujarat, Maharashtra, Andhra Pradesh, Karnataka and Tamilnadu. Large tracts of land are being acquired and sold/leased out to promoter companies. Some of the multi-product SEZs are 10,000 hectares and above. This is going to lead to large-scale displacement of farmers, meagre compensation and no alternative means of livelihood. On the other hand, promoters are getting land cheaply and they are going to make a fortune out of real estate development speculation. After studying the SEZ Rules, it has become clear that only 25 per cent of the land in multi-product SEZs are to be set aside for industry/processing. This means 75 per cent of the land is for the promoter to make a killing. Moreover, profits of the promoter are tax free and tax exemptions are there for a whole range of business activities. This will lead to acute loss of revenue. The provisions for international finance centres and off shore finance centres will also be promoting the Mauritius type tax avoidance route.

There is a huge rush of applications for SEZs as big business and also foreign companies are seeing a bonanza. Indiscriminate approvals of SEZs have serious implications for agriculture, food security, the interests of farmers and economic sovereignty.

Urgent changes are required in the SEZ Act and Rules. There has to be a cap on the amount of land to be allotted. Secondly, the stipulation of land to be used in a SEZ for industry must be increased to at least 50 per cent and 25 per cent for related infrastructure. Thirdly, tax exemption proposals must be reviewed and exemption from taxes must be drastically pruned. Adequate steps to compensate and rehabilitate the displaced people must be taken. The Land Acquisition Act has to be amended suitably for this. Apart from farmers, agricultural workers should also be covered. All other political parties must be mobilised to ensure that these amendments to the law and changes in the Rules are introduced.

On Legislations

During the Monsoon session of Parliament, the government did not take up the tribal forest bill because it was not willing to accept the major recommendations made by the Joint Parliamentary Committee. Our Party fully supported the recommendations of the Joint Committee. At the call of the Party an all India day was observed on July 18 for adoption of the legislation with the amendments suggested by the Parliamentary committee. We have to mobilise support and build pressure on the government to adopt the tribal forest bill with the major amendments. The government also proceeded to amend the Right to Information Act whereby all file notings would be exempt from disclosure. This blanket prohibition of disclosure of file notings suits the bureaucracy who do not want the decision making process at all levels to be made public. Our Party opposed such a blanket

prohibition and has argued that if there are any sensitive areas where file notings need to be exempted they can be considered.

Our Party made efforts to persuade the government to bring in the legislation on one-third reservation for women in parliament. After discussions with various sections, the Prime Minister has assured that the bill will be brought in the winter session of parliament. We have to make this a priority issue and ensure that the bill gets taken up for consideration in the next session of parliament.

Attacks on the Working Class

There has been a growing trend of attacks on workers rights and gross violation of labour laws in various parts of the country particularly in the Northern states. In the recent months workers and trade unions have come under attack from the police and goondas in Haryana, Himachal Pradesh, Punjab, Uttar Pradesh and Uttaranchal. In Himachal Pradesh three workers were killed including a district president of the CITU by the henchmen of the contractors. The Police has openly favoured the management. In many instances, the attack is because of the formation of a trade union and the local administration and police trying to suppress the union and unleashing repression on the workers. Having failed to so far push through changes in the labour laws, both the central and state governments seem to negate the legal rights of workers by refusing to implement the existing labour laws.

Widespread Flood Damage

Serious floods have occurred in large parts of the country. Gujarat, followed by Maharashtra has suffered the worst damage. Parts of Andhra Pradesh, Karnataka, Rajasthan, Bihar, Madhya Pradesh, Orissa, Jammu & Kashmir and West Bengal have also been badly affected by floods. In Gujarat, Surat was immersed in flood waters for which a negligent administration was responsible. In the other flood affected states there has been colossal loss of crops, cattle and other properties. In most places, relief efforts have been woefully inadequate. In contrast, Assam has experienced the worst drought in a century. This has caused immense damage to the farmers and the rural economy.

The Central Government has to ensure adequate funds to the affected states for relief and rehabilitation work. There can be no delay in instituting flood forecasting and control measures on a permanent basis if the annual visitation of floods and the misery caused by them are to be checked.

Political Developments

BJP's Disruptive Role

The BJP has not been able to make any worthwhile impact given the fact that the Hindutva issues that it periodically raises have not found response from the people. It continued to adopt disruptive tactics in parliament. During the Monsoon session there were repeated disruptions in both houses on some pretext or the other. One of the issues raised was the lack of impartiality of the Speaker; the other cause for disruption was the Justice Pathak Commission report on the oil contracts and the Office of Profit issue. But all the sound and fury by the BJP could not cover up the fact that it has totally failed to project credible policies and take up people's issues. It is at this juncture that the *vande mataram* controversy erupted. The government decided to celebrate the "centenary" of *vande mataram* on September 7 which has no historical basis. The HRD ministry sent out a circular to the states asking that *vande mataram* be sung in schools on that date. Certain Muslim organisations objected to the government directive for singing the song. The HRD minister clarified that it would be voluntary and not compulsory. The BJP utilised this to condemn the UPA government as appeasing the minorities and showing disrespect to the "national song". The BJP directed all its state governments led by it to make the singing of the song compulsory in all schools including *madrasas*.

The CPI(M) took the stand that the singing of *vande mataram* cannot be made compulsory and it should be left to the state governments concerned to decide on the matter. The BJP sought to communalise the issue and condemn the Muslims. During the freedom struggle the content of the song was highly debated and on the advice of Rabindranath Tagore, the Congress decided to stick to the first two stanzas of the song only as the rest of the song contains invocations to a goddess. Among the many streams of the freedom struggle, the Congress volunteers sang the *vande mataram* while *inquilab zindabad* was the slogan of the Left and the radical circles. It is ironical that the RSS and its outfits who had no role to play in the freedom struggle are championing the cause of *vande mataram*.

The BJP's national executive committee meeting which was held in Dehradun in the first week of September decided to attack the UPA government for its softness in tackling terrorism and minority appeasement on the issue of *vande mataram*.

In the UP elections, the BJP is faced with a difficult situation. The Ramjanmabhoomi issue evokes no response and the BJP now claims that the building of the Ram temple is not a political issue. The BJP is directionless given the fact that the communal platform is not succeeding as an instrument for political mobilization. It has condemned the UPA government on resumption of dialogue with Pakistan and after the Mumbai blasts even talked about launching attacks on terrorist camps in Pakistan administered Kashmir.

Communal Stand on Conversions

The BJP ruled states of Gujarat, Rajasthan and Chattisgarh have already adopted legislation to further amend the Freedom of Religion laws which exist in those States and Madhya Pradesh has also declared its intention to do so. The amendments are clearly against the constitutional right under Article 25 which grants a citizen the right to practice any religion of their choice. In Gujarat the amendments club Buddhism and Jainism as branches of the Hindu faith leading to strong protests from representatives of the former communities. The law also clubs Shias and Sunnis together and also Protestants and Catholics. Conversions within these “branches” will not invite Government action but if any Hindu wants to convert to Islam or Christianity they will first have to take permission from the District Magistrate. The priest or maulvi conducting the conversion has to fulfill certain conditions or face penal action. In Rajasthan and Chattisgarh the Governors have so far not signed their approval of the legislations in face of the legitimate protests of violation of the constitution. In both these laws there are stringent conditions for “legal” conversion while any re-conversions to the “original religion” will not invite any Government action which basically is a green signal for the forced re-conversions by Sangh Parivar activists against oppressed tribals or dalits who have converted to Christianity.

These anti-minority legislations will provide the legal licence to harass and terrorise minorities which has become a hallmark of the rule of these RSS controlled Governments. These amendments should be opposed and they should be withdrawn.

The Madhya Pradesh government has removed the ban on state government employees participating in RSS activities. This is a dangerous move which will further RSS penetration in the administration. Government employees are not allowed to join political parties and participate in political organisations. The plea that RSS is a “cultural” organisation has to be totally rejected. The Central government has to intervene and clearly tell the Madhya Pradesh government to withdraw the decision.

The fall of the Arjun Munda government in Jharkhand after the resignation of four ministers has further exposed the BJP’s opportunist politics. Having lured independents and defectors to form a government, the same persons have now deserted the BJP and formed a government with the UPA parties. The CPI(M) welcomed the fall of the BJP-led government. Fresh elections should be held soon so that the people can give a new mandate.

In the UPA, problems have emerged among some of the allies. In Jammu & Kashmir the Congress-PDP coalition government faced a minor crisis when the PDP decided to change its nominee who was the Dy. Chief Minister. The Chief Minister Ghulam Nabi Azad declared that he would retain Muzaffar Baig and it was only after the intervention of the high command that the matter was resolved with the resignation of Muzaffar Baig. The relations between the Congress and the PDP were strained as a result.

Another minor partner, the Telangana Rashtra Samiti which advocates a separate Telangana state also quit the cabinet with the resignation of Chandrasekhar Rao and another minister from the Cabinet, after the UPA declined to the TRS demand for the immediate formation of a separate Telangana state. This was followed by the TRS announcing that it will quit the UPA. After the state Congress leadership challenged him to face fresh election, Chandrasekhar Rao submitted his resignation from the Lok Sabha. Efforts were made subsequently by the central leadership to persuade the TRS to remain in the UPA.

The Congress Party still talks of the setting up of a second States Reorganization Commission, a stand which is supported by a few other parties. We have expressed our opposition to a second Reorganisation Commission for states as it will give a fillip to the demand for numerous states leading to the break up of all linguistic states.

Attitude to UPA Government

In the June Central Committee meeting it was noted that the UPA government is making a concerted bid to push ahead with neo-liberal policies. It was decided that we should take a firm position against such policies and assert this more vigorously inside parliament and mobilise the people outside. On a number of people's issues like price rise, PDS, food, employment etc where the government is not taking any worthwhile measure, we should mobilise the people and organise struggles. The UPA government's foreign policy should also be taken up as a priority. The CC had decided that in the next meeting of the UPA-Left Coordination Committee a document should be submitted which critiques the role of the government, demands corrective steps and implementation of the pro-people measures.

During the last three months, the Party and the Left have firmly asserted our stand and expressed our opposition to certain policies. On the Indo-US nuclear issue, it was our relentless stand which compelled the government to spell out in parliament the minimum framework in which the agreement can proceed. When the government decided to disinvest the Nalco and Neyveli shares we were able to rally wider opposition from other political parties to stop it. The Left parties presented a comprehensive note on the two-year performance of the government. The discussion on this was not held as the nuclear issue had to be given priority. In the meantime, because of our firm opposition, the government tried to modify the proposal to allow FDI in banking and the privatisation of the pension funds.

But on a number of issues such as the strengthening of the public distribution system, checking price rise by curbing futures trading in food grains, the government has not acted. The rapid approvals of SEZs, the push for more capital convertibility and other measures show that the government is determined to pursue its own agenda. That is why it is necessary to mount

more pressure on the government on the direction of its policies. One forum will be the Coordination Committee meeting to discuss the note on the performance and direction of policies. After which we can decide what needs to be done regarding the coordination mechanism. The other arena is mass mobilization and struggles. The August campaign provided the opportunity for the Party to take its stand vis a vis the government and the issues to the people in a big way. The response that we have got from the people should be the basis for our increased assertion on policy matters.

In the coming period, the success we have in developing powerful mass movements will set the stage for the next phase of the struggle to reverse the harmful policies and to get pro-people policies and measures to protect economic sovereignty implemented.

Forthcoming Assembly Elections

The elections to the Uttar Pradesh, Punjab, Uttaranchal and Manipur assemblies are to be held in February-March 2007. As far as the situation in Punjab is concerned, the Congress government there has pursued policies of privatisation of the public education and health sectors, handing over large tracts of land to big business to promote corporate agriculture and retail trade. The Congress rule has also been marked by large-scale corruption. The main opposition is the Akali Dal which has decided to continue its electoral alliance with the BJP. The Akali Dal-BJP alliance, given its past record and its rank communal basis has to be opposed. The CPI(M) will call for the defeat of the Akali Dal-BJP alliance. It will expose the anti-people policies of the Congress government and popularise the alternative pro-people policies. It will not have an understanding with the Congress. In the elections, the CPI(M) and the CPI along with other Left parties should fight the elections jointly and rally other secular and democratic forces around an alternative platform.

In Uttaranchal, the CPI(M) should arrive at an understanding with the CPI and put up candidates where we can fight the elections in an effective manner and try to work with other forces like the UKD so that there is an alternative focus to the Congress and the BJP.

In Uttar Pradesh, the political situation is developing with election alignments still being worked out by various parties. The Mulayam Singh government has lost ground among different sections of the people because of its failure to address the acute problems of the people. The worsening law and order situation and the land grab by land mafias have adversely affected the image of the government. The SP government has sought to win over different sections of people by a series of measures like provision of Rs. 500 per month for unemployed graduates, provision of Rs. 20,000 for girl students entering college who belong to BPL category and distribution of saris to women in the BPL category etc. The Samajwadi Party is in alliance with the Rashtriya Lok Dal of Ajit Singh. They are part of the coalition government. The RLD has not yet decided what it will do in the elections.

The BJP's position has worsened. It is expected to come a distant third. The Congress party is also unable to present itself as an alternative and can be expected to register only a marginal improvement.

A recent development has been the revival of the Jan Morcha and the efforts to make it into a political party. V.P. Singh and Raj Babbar gathered some groups including some caste-based parties. The CPI has been participating in all the activities of the Morcha. However, many of the caste based parties are fickle. Already the party of the Rajbhars has left the Jan Morcha and decided to go along with the Congress. The Jan Morcha is unlikely to emerge as a viable electoral force. But it can draw away some sections of the people who are disenchanted with the SP government.

The main contest will be between Mulayam Singh and Mayawati. In the past one year, Mayawati has gained ground with a section of the upper castes veering towards her. Mayawati's stand is well known. She does not enter into any pre-poll alliance. After the elections, she would forge an alliance with any party or group which would enable her to come to power. In such a situation, there is a possibility of her going with the BJP if they have the necessary numbers. The CPI has decided not to have an understanding with the Samajwadi Party. It has decided to go with the Jan Morcha.

The UP State Committee is meeting in the middle of October to discuss the overall political situation and the election line that we should adopt. After these discussions, the Polit Bureau can take a final decision on the matter.

In Manipur, we should fight a limited number of seats to register our presence and ensure that there will be no clash with the CPI which has five MLAs at present and who are in the coalition government with the Congress.

Conclusion

The national campaign of the Party held in August has been a big success in terms of reaching out to large sections of people and popularizing the Party's stand on all major political issues and people's problems. We have to carry forward this campaign by taking up the specific issues and demands for launching movements and struggles of different sections of the working people. The mass organisations of the peasants, students and women are conducting all India jathas in the month of November. The trade unions have given a call for an all India General Strike on December 14.

The Party must be active in leading the struggles of the people and conducting political mobilization against the communal and divisive forces, against imperialism and on foreign policy issues. Issues such as PDS and BPL cards, house sites, implementation of Rega, displacement of farmers, problems of tribal people and so on should be taken up by the state committees for initiating local struggles.