



COMMUNIST PARTY OF INDIA (MARXIST)

Central Committee

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International Situation

The international situation has been marked by major developments in the period since we last analyzed it in the January 2009 CC report. The world has undergone the worst economic crisis seen since the second world war; much of the energies of the governments of the major economies have been devoted to tackling the crisis and formulating the state interventions required; the Obama presidency led to expectations about a change from the Bush Administration's policies and the last few months have shown a mixed record; the war in Afghanistan and its spill over into Pakistan are posing a serious challenge for the US-NATO forces. The tensions in West Asia continue with Israeli intransigence on Palestine and the continuing efforts to isolate Iran. In Latin America, the forums for regional cooperation have been strengthened and the coup in Honduras was met with united condemnation. The 60th anniversary of the People's Republic of China was observed at a time when China's economic power has shown its resilience in the face of the global capitalist crisis. There has been a clear confirmation of the trend towards multi-polarity during this period and the growing regionalization in cooperation and efforts to find solutions to regional problems.

Global Economic Scenario

While the impact of the global economic crisis continues to be felt across the world, sections of the corporate media and financial market players have started celebrating an economic recovery. That such celebrations are premature is borne out by the views emanating out of the annual meeting of the IMF and World Bank held in Istanbul in October 2009. According to the IMF, while the worst of the global economic crisis is over, recovery will be sluggish and unemployment and poverty will continue to rise through 2010. According to IMF projections, the world economy after contracting by 1.1 per cent in 2009 is expected to expand by 3.1 per cent in 2010. World trade, which has experienced a contraction of 11.9 per cent in 2009 is expected to grow by 2.5 per cent in 2010. The advanced economies, which saw an economic contraction of 3.4 per cent in 2009, are projected to witness positive growth of 1.3 per cent in 2010. Even if this projection turns out to be accurate, economic activity in the advanced economies is clearly going to be in the doldrums for some time to come.

The IMF holds that even this sluggish recovery in the advanced economies the result of the fiscal stimulus and money pumped into the economy by the governments across countries and premature withdrawal of the stimulus measures could “kill the recovery”. The fiscal deficit in the US and EU has reached 12.5 per cent and 6.6 per cent of GDP respectively, in 2009. Despite such fiscal measures, the unemployment rate in the US and EU is projected to rise to 10.1 per cent and 11.7 per cent in 2010 respectively. According to World Bank estimates, up to 59 million (5.9 crore) more people will lose their jobs globally by the end of 2009 and 90 million (9 crore) more people will be living in extreme poverty by the end of 2010. The worst crisis faced by global capitalism since the Great Depression continues to have a devastating impact on the lives and livelihood of people across the world.

The governments of the advanced capitalist countries tackled the economic crisis by adopting big stimulus packages. But the bail out packages were designed to help the big banks, financial institutions and corporates. Putting profits before people is the motto. As a result, the brunt of the crisis has been borne by the common people in the form of loss of jobs, cut in incomes and loss of homes.

The global economic crisis has led to some changes in the international economic order. This is because the economies most affected by the crisis are the advanced industrialized ones, while some of the developing economies, especially Asian countries like China, India, Indonesia and Vietnam have been relatively less affected. However, the effort on the part of the developed countries as well as the IMF-World Bank is to prevent any basic restructuring of the economic order underlying imperialist globalisation and preserve the neo-liberal policy regime even as they mouth slogans of “reshaping the post-crisis world” and “responsible globalisation”. This trend was apparent in the G 20 summit, held in Pittsburgh in September 2009. The global economic crisis highlighted the bankruptcy of the neo-liberal policies. But the solution is sought within the same neo-liberal framework. This portends another round of the crisis.

G-20 Summit

At the G-20 Summit the 19 countries and the head of the European Union announced that henceforth the G-20 will be the premier forum for international economic cooperation and to manage the global economic order. The G-8 will continue to tackle strategic issues. This is an explicit admission that the advanced capitalist countries led by the United States cannot by themselves manage the world capitalist order. Without the involvement of the emerging economic powers like China, India, South Korea, South Africa and Brazil, it is not possible to stabilise the system or shore up its hegemony. The share of some of the major developing economies in world output has risen steadily in recent times compared to G-8 countries. Given the relatively higher

growth rates witnessed by the developing countries, the share of the developing countries in the total GDP of G-20 (purchasing power parity terms) is expected to increase from 35 per cent in 2008 to 50 per cent in 2020. It is also a reflection of the decline in the US domination of the global economic order which has been a result of the recent global economic crisis. The transition from G-8 to G-20 reflects a shift in the relative weight of some of the developing countries in the international economic order, though it does not mark any fundamental shift in the global capitalist system. The G-20 cannot represent the interests of all the developing countries with the absence of major economies like Iran, Venezuela and the countries of Africa (besides South Africa).

The G-20 summit decided in favour of continuing with fiscal stimulus in the near future, but also talked about preparing “exit strategies” for an early return to fiscal conservatism. The commitments against “protectionism” and towards an early conclusion of the WTO Doha Round were also reiterated. As far as restructuring the global financial architecture is concerned, other than the verbal commitment to institute limited banking reform to avoid excessive risk taking, some regulation of derivatives trading, curbing tax havens and limiting the bonuses of bank managers, there was nothing substantial. In terms of global economic supervision, the summit has promised to transfer at least 5 per cent of the shares in the IMF and at least 3 per cent of the vote share in the World Bank from over-represented developed nations to emerging economies. The US would, of course, retain enough shares to continue exercising a veto in the IMF.

Dollar Hegemony under Strain

US imperialism exercises its hegemony in the imperialist system through the dominance of the dollar in trade and financial transactions as well as the reserve currency held by most countries across the world. Dollar hegemony enabled the US to borrow cheaply from the rest of the world even as its trade deficit grew to unprecedented levels since the mid-1990s. The market provided by the US has sustained the export-oriented growth regimes under globalisation. The global economic crisis has posed a major challenge for this edifice of the global economy. The recession in the US and the consequent lowering of interest rates, coupled with a burgeoning fiscal deficit, has brought the dollar under severe strain. With increasing uncertainty over the value of the dollar, a range of countries holding huge foreign exchange reserves (like China and Japan) and oil exporters (like Russia and the Gulf countries) are expressing uneasiness over the predominance of the dollar both as a reserve currency as well as a medium of transaction for crucial commodities like oil.

The US is faced with a dilemma vis-à-vis the dollar. Depreciation of the dollar helps in boosting US exports and bringing down the trade deficit. But if the dollar depreciates considerably over a period of time, the confidence in the dollar will be shaken forcing countries to shift to alternative currencies. The effort on the part of the US is to achieve a transition whereby it succeeds in bringing down its trade deficit without upsetting the dominance of the dollar.

The only way it can do this is by pressuring countries like China and Japan to revalue their currencies. This is not only fraught with contradictions but global economic recovery will itself become tenuous if the US market shrinks for the major exporting economies. It also opens up the possibilities of conflicts between major economic powers and blocs.

The only sustainable solution to the problem of persisting global imbalances is to move away from the paradigm of imperialist globalisation and export-oriented growth and refocus on state intervention by individual countries to expand domestic demand by enhancing the purchasing power of the working people. That would also entail an end to the unbridled cross-border flows of speculative finance capital, which has caused the financial meltdown and precipitated the crisis in the first place. However, US imperialism continues to be the biggest roadblock to this paradigm shift, which can restructure the global economy in a sustainable direction.

West Asia

All the steps orchestrated by the United States to pressurise Iran to give up development of its nuclear technology failed to yield results. The Obama administration announced that it is prepared to engage with Iran even while mounting pressure on it to stop enrichment of nuclear fuel. The US administration has been compelled to pay heed to the international opinion, especially the stance taken by Russia and China against any further sanctions against Iran. Washington decided to participate in direct talks with Iran. The talks were held in Geneva on October 1 between Iran and the five permanent members of the Security Council plus Germany. It had a positive outcome with Iran entering into further cooperation with the IAEA over its nuclear programme and secondly agreeing to send a part of its uranium stockpile for reprocessing to Russia.

The main threat to peace arises from Israel, which continues to level allegations of secret nuclear weapons programme in Iran and using that as a pretext to threaten Iran with a military strike. Not surprisingly, the Obama administration's decision to engage Iran was met with staunch opposition from Israel and the Israeli lobby in the US.

Palestine

Israel has also spurned the Obama administration's initiative to revive the negotiations for a settlement of the Israel-Palestinian issue. Israel has taken an adamant stand vis a vis the US demand not to extend the settlements in the West Bank and Jerusalem. The rightwing Israeli government shows no intention of stopping new settlements being built.

At the same time, the situation in the Gaza and the West Bank remains serious, compounded by Palestinian disunity and continued Israeli aggression. The United Nations Special Rapporteur, Richard Goldstone, has accused Israel of war crimes in Gaza during last year's military operation against Palestinians. The United States sought to bail out Israel in this regard. The

fact is that no peace process has taken off in the Middle East on the ground. West Asia continues to remain a dangerous flashpoint in world politics and much would depend on the progress of the US-Iran engagement in the coming months. All present indications show that the Obama administration has shown neither the determination nor the capacity to force Israel to conciliate in the interests of regional peace and stability.

Afghanistan

Soon after assuming office, President Obama sent in 20,000 more American troops in Afghanistan. This was in line with his approach that the threat to American security and of terrorism emanates from Afghanistan and that the war on Iraq was misplaced. However, in the recent months, the conflict has intensified in Afghanistan with the dramatic increase in the Taliban activities. The US and NATO troops have suffered increasing casualties and public opinion in the West is turning against the continuance of the war. The members of the NATO countries are reluctant to commit more troops for combat operations.

This has compelled Barrack Obama to conduct a review of the US strategy in Afghanistan. The US commander has requested for a massive increase of 40,000 American troops to contain the situation. This is over and above the 63,000 US troops already in place. The Obama administration seems to be reluctant to make such a big increase in troops. At the same time the efforts at "nation building" and implanting democracy is also proving intractable.

The Americans hope to strengthen the capacity of the Afghan armed forces and create a more effective government which has not been provided by Hamid Karzai. The Presidential election held in August was declared to be an outright victory for Karzai. But after allegations of fraud, the United Nations watchdog committee has declared that there has been widespread fraud and under US direction efforts began to have a run-off election. Finally, the election tribunal has declared that Karzai has got 49.7 per cent vote. Karzai has been forced to agree for a run-off election on November 7. The Americans want a government of national unity which will include the principal rival of Karzai, Abdullah Abdullah. This again shows how tenuous has been the efforts to create a credible government.

"Afpak" Strategy

The US strategy envisages Afghanistan and Pakistan together as a battleground against Al Qaeda. This "Afpak" strategy attaches importance to fighting the Taliban and fundamentalist forces within Pakistan particularly in the border regions as part of the struggle in Afghanistan. This requires the United States relying on the Pakistani military while paying lip service to the civilian government. The United States is prodding the Pakistani government and military to conduct operations in the border provinces against the Taliban and Al Qaeda forces entrenched there.

US-Russia Ties

The Obama administration is attempting to "reset" relations with Russia and reverse the chill in the US-Russia ties which characterised the Bush era. Negotiations are at an advanced stage with regard to concluding new arms reduction agreement to replacing the existing strategic arms limitation agreement which lapses on December 5. President Obama took a major step in reversing the Bush administration's plan to deploy missiles under the Missile Defence System in Eastern Europe. This had been strongly opposed by Russia which saw the move as an attempt to gain nuclear superiority over it. Parallel to this development, NATO has also offered a comprehensive review of its strategic cooperation with Russia. Russia has in a major step offered transit facilities for the NATO troops to dispatch military cargo to Afghanistan which will substantially reduce the alliance's dependence on Pakistan.

Obama Presidency

Barrack Obama assumed the presidency of the United States at a time when the United States was faced with a serious economic crisis and when the Bush administration's aggressive use of military force had reached a dead end. Afghanistan and Iraq were stark reminders of this reality. No one country, even a superpower, can succeed in tackling the major challenges without getting a large measure of international cooperation. It was in response to this reality that Barrack Obama has sought to give up the unilateralist style of the Bush administration and has been engaged in rebuilding bridges with the European allies. The announcement of seeking engagement with Iran, initiating moves to revive the peace process between Israel and Palestine, the efforts to "reset" relations with Russia and the recent announcement that it would engage with countries like Myanmar and Sudan despite keeping sanctions on them, are all efforts in this direction. Obama announced the closure of the Guantanamo detention centre by January 2010. But Obama has to act within the framework of the imperialist interests of the United States. On the Israel-Palestinian conflict, Obama will not be able to act firmly against Israel as the Democratic Party is more committed to Israel. On Iran too Obama is seeking to gather wider support to isolate and pressurise Iran. After nine months of the Obama administration, the test is going to be the war in Afghanistan. Domestically, Obama is struggling to get his health reform legislation pushed through Congress and he is facing strong opposition. Already he has been forced to dilute the reform plan by giving up the public option i.e. a public sector health insurance company which would offer an alternative to the private insurance companies.

The moves of the Obama administration in consulting and carrying its allies with it, engaging with Russia and China to seek their cooperation in America's political and diplomatic strategy and de-emphasising the use of military force and foregrounding political diplomacy and manoeuvres to isolate countries which it sees as inimical to its interests are all part of the process of repositioning the United States at a time when its relative decline as a global economic power and the limitations of unilateral actions have become all too evident. The basic framework of American interests and its foreign policy

goals have not changed substantially.

Europe: Shift to Right

The European parliament elections held in June led to a distinct shift to the right. Rightwing parties gained across Europe, with the exception of Greece. In elections to the national governments too, the trend has favoured the right. Some of the far right parties also gained as in the Netherlands. After the victory of the rightwing parties in France and Italy in 2008, in Germany the elections held in September 2009 has resulted in a Christian Democrat-Free Democratic Party coalition with Angela Merkel returning as the Chancellor. In Britain, the Labour Party looks set to lose the next election in 2010 to the Conservatives.

The success of the right wing parties is taking place at a time when recession has badly hit the European economies and unemployment has reached high levels. The neo-liberal policies are responsible for this crisis, yet the rightwing wedded to these policies have not been rejected. The voters have rejected the social democratic parties in government as they have pursued these same policies. The reason lies in the bankruptcy of the social democratic parties who embraced neo-liberal policies and who have cut down social welfare measures and promoted privatization. In France, the socialists paid the price for this as did the Social Democratic Party in Germany which had entered into a coalition with the Christian Democrats. In Portugal, the social democrats retained power even though they lost their majority in the parliament. The exception is Greece where the elections held in October, 2009 has led to the defeat of the right wing government which was totally discredited, resulting in a decisive victory for the socialist party.

The absence of an effective Left alternative, the discrediting of the social democrats and the growing discontent with the established policies have led to gains by the right wing. In times of growing unemployment, immigrant labour is an easy target. The right-wing and far right parties targeted migrants and cashed in on the insecurities among people affected by the crisis.

The Left did well in Germany where the Die Linke got nearly 12 per cent of the vote and 80 seats in Parliament. The Left party formed with the merger of the PDS and the Leftwing which left the SPD provided a coherent Left platform and gained votes from SPD supporters. In both Portugal and Greece, the Communist Parties retained their electoral support by and large with the PCP alliance winning 15 seats and the KKE alliance getting 21 seats.

Latin America

In the Latin American continent, the change in the alignments ushered in by the success of Left-oriented governments coming into power has continued to play out. The victory of a Left wing candidate in El Salvador as President being the latest. We had also previously noted that anti-Left forces are also active. In Honduras, the elected President Zelaya who had joined the ALBA

(the Bolivarian Alternative) grouping was ousted in a military coup. This coup had the backing of big business and other rightwing forces. The coup has been universally condemned. The Organisation of American States (OAS) adopted a resolution calling for the restoration of President Zelaya. Venezuela, Bolivia and Nicaragua took the lead in rallying the opposition to this blatant attack on democracy. Even the United States had to go on record disapproving the coup, though it is against taking any steps against the coup plotters and does not want the reinstatement of Zelaya as the President.

The changing political mood in Latin America is also witnessed by the decision of the OAS at its meeting in Pedro Sula to remove the exclusion of Cuba from the forum. Earlier the Summit of Americas in Port of Spain unanimously demanded the lifting of the US blockade against Cuba. Cuba has welcomed the move even as it has stated that it has no intention to rejoin the organisation.

The economic crisis has affected the region badly. The economic performance of Brazil, the biggest country, has been relatively better. Venezuela had had to face recession due to a sharp drop in oil revenues. Cuba is also experiencing economic difficulties because of the three hurricanes which caused devastation last year and the impact of the current global crisis on its exports.

The Colombian rightwing government agreed in July to allow American troops to use seven of its military bases. This led to strong protests from Venezuela and suspension of diplomatic relations for some time. As against this, the US had to wind up its military base in Ecuador as the Government there refused permission for further use of the base.

Japan Elections

The long standing rule of the Liberal Democratic Party (LDP) came to an end in the September parliamentary elections. The victory of the Democratic Party of Japan (DPJ) has ushered in a new era. This is the first time that a non-LDP government has come into office with a stable majority. The DPJ has talked of greater Asia cooperation and less dependence on the United States. It is also not such an ardent votary of privatisation as the LDP, and has promised to reverse the privatisation of the postal service.

This political change has come at a time when Japan has undergone a serious recession which has accentuated its long term decline as an economic power. It is estimated that China will overcome Japan in a year's time as the second largest economy in the world in terms of GDP.

Sixtieth Anniversary of Chinese Revolution

The 60th anniversary of the Chinese revolution has been noted as a historic event not only in Asia but also in the whole world. The event has focused attention on the phenomenal rise of China as a global power with its ever-increasing influence on the world development. It has been left to the World

Bank president to point out recently that the economic crisis has led to a decline of the US's standing as a global power. He could foresee that China will have an economy as big as the US's by 2018. Already, it is clear that China has become the first country to emerge out of the global economic downturn with an expected 8 per cent GDP growth in 2009 and there is acknowledgement that China will have a major role to play in any restructuring of the world economic order in the coming decades.

Climate Change Talks

The Copenhagen Summit for climate change negotiations is going to be held in December. This conference has to work out an agreement to succeed the Kyoto protocol which lapses in 2012. So far the efforts to get a fresh agreement on cutting Green House gas emissions and adoption of appropriate low emission technologies have not made progress. Earlier the Bush administration had refused to ratify the Kyoto protocol and took an obdurate stand refusing to give any commitment on reduction of emissions. After the Obama administration took office, this stance has changed. The United States has joined the negotiations but along with the industrialised countries it refuses to make any substantial reduction in emissions while continuing to argue for targetted emission reduction by major developing countries like China and India. They are also not forthcoming on providing the finances to developing countries for adopting appropriate clean technologies.

Given the grave problem of global warming and climate change which has assumed alarming proportions, progressive forces the world over should unitedly exert pressure on their respective governments and at the global negotiating forums to ensure that the advanced industrialised countries are set binding emission reduction targets, suitable enforcement and accountability mechanisms. They should demand that the industrialised countries make adequate funds available to the developing countries to meet the challenges of climate change and for adopting appropriate technologies.

Developments

In India's Neighbourhood

In the last few months important developments have taken place in the countries neighbouring India.

Pakistan : The situation in Pakistan has deteriorated with the growing attacks by the fundamentalist and extremist forces. The Pakistan Army conducted operations to clear the Swat valley off the local Taliban who had taken control. The Taliban retaliated with a spate of bombings and suicide attacks. The killing of Baitullah Mehsud in a drone attack in South Waziristan sparked off more daring attacks including the attack on the Army headquarters in Rawalpindi. The Pakistan Army finally began military operations in South Waziristan.

The Obama administration is extending assistance to try and stabilise the situation. Recently the US Congress has passed a law to extend \$ 7.5 billion as

aid. There is tremendous opposition to the US intervention among the Pakistani people. The conditions attached to the Kerry-Lugar bill have evoked strong protests within Pakistan. These conditions which include certification that Pakistan is acting against the extremist forces is seen as an infringement on the sovereignty of Pakistan. Pakistani public opinion is particularly inflamed over the attacks by the US drone aircraft in the Afghanistan-Pakistan border areas which have resulted in civilian casualties.

There is still the problem with the ISI and a section of the establishment being soft on the extremist groups like the LeT and its offshoot the Jamat ud Dawa which are targetting India. This is seen in the manner in which the Chief of the latter Hafiz Sayeed is being dealt with. The democratic forces in Pakistan have a major task of rallying the people against the growing attacks by the fundamentalists and extremists and ensuring that the civilian government does not surrender to the US dictates which erode the sovereignty of the country.

Sri Lanka: In Sri Lanka, the LTTE was crushed militarily and its leaders including Prabhakaran killed when the final assault took place in June in the Mullaithivu region. With this the LTTE has ceased to be an effective force. Two and a half lakh Tamil people are in refugee camps. The Indian government has to urge the Sri Lankan government to take speedy steps for their return to their homes and proper rehabilitation especially in view of the joint statement made during the visit of the Foreign Secretary and National Security Advisor to Sri Lanka that the displaced people would be returned to their homes in 180 days. During the recent visit of MPs of the ruling alliance of Tamilnadu to Sri Lanka the government assured that 50,000 people will be rehabilitated in their homes within the next two weeks. The Central Government facilitated the visit to Sri Lanka of MPs belonging only to the ruling alliance of Tamilnadu. This was a partisan attitude. There have been a number of instances of attacks on fishermen from Tamilnadu by the Sri Lankan security forces. The Indian government should work out joint patrolling to ensure that the legitimate fishing activities are not curbed. There are concerns about human rights violations which needs to be investigated and addressed by the Sri Lankan government.

More importantly, the Sri Lankan government has to take concrete steps to arrive at a political settlement by finalising the autonomy package for the Tamil speaking areas. President Rajapakse is planning to hold elections early next year and to take up the matter after that. This would further delay the process of a political settlement. The Indian government must be active in urging the Sri Lankan government to work out a political settlement without delay.

Nepal: The Maoist leader Prachanda resigned from the Prime Ministership in May after failing to get the army chief removed. The President had intervened to restore the army chief who had defied the government's instructions regarding the retirement of six generals. Subsequently, a coalition government has been formed headed by Madhav Nepal of the CPN(UML). The Nepali Congress is part of the coalition government. The Maoists are boycotting the parliament and there is a stalemate in the peace process and

the work to be done in the formulation of a new Constitution. The Indian government did not favour the move of Prachanda to dismiss the army chief. The Maoists have said that they will participate in the Constituent Assembly only if the Presidential order reinstating the army chief is declared to be illegal. At the heart of the matter is the question of integrating the Maoist combatants into the armed forces. Discussions among the major political parties to end the impasse have so far not yielded results.

Bangladesh : After the sweeping victory of the Awami League alliance and the formation of the Sheikh Hasina government, the right wing and fundamentalist forces suffered a setback. However, the fundamentalist forces are still active and reorganising themselves. The first major challenge which the government had to face was the BDR rebellion in which a number of army officers were killed.

The economic crisis has badly affected Bangladesh and there is a steep increase in the price of food items and essential commodities.

The prospects for cooperation between India and Bangladesh have brightened with the new government in office. There has been expansion of trade and transit facilities. The Bangladesh government has taken some steps to curb the extremist groups operating from its soil against India.

Regional Cooperation

During this period, the trend of "regionalisation" has become more evident in world politics. Latin America has been prominent in efforts to find regional solutions to conflicts and crisis. The stand taken by Brazil and other Latin American countries on the coup against the democratically elected government in Honduras is an example. The ASEAN forum of ten countries has made significant progress in economic and regional cooperation. Similarly, the Shanghai Cooperation Organisation has been steadily advancing. The BRIC process consisting of Brazil, Russia, India and China has gained some momentum at the meeting of the head of four States at Yekaterinburg in Russia in July. China hosted a trilateral meeting with Japan and South Korea on October 10 with the aim of forming a East Asia Economic Community. More and more countries want to join such projects relating to security and development.

The United States is finding it difficult to get its way in multilateral forums on a number of issues. It is therefore, entering into bilateral agreements with individual countries. Regional forums for developing mutual cooperation obviate the need for dependence on a major power. The development of such regional forums of cooperation are part of the trend towards the strengthening of multi polarity and points to the inability in the present-day world for one super power to direct and dominate world affairs. This underlines the necessity to strengthen regional cooperation in South Asia through SAARC which has lagged behind due to political barriers between the countries of the region.

National Situation

The five month period since the Lok Sabha elections in May and the formation of the second UPA government provides the scope of this report. The Congress-led government is continuing with the approach which it adopted in its last term. On the one hand it has signalled that it will pursue neo-liberal policies. On the other hand it will provide some relief and social welfare measures to soften the impact of the policies it implements. The Congress thinks that this approach fetched it dividends in the elections and this way it can sustain its pro-rich, neo-liberal policies.

The government announced various programmes to be fulfilled in the first hundred days. It announced further measures to liberalise FDI in various spheres. It announced that it will go in for disinvestment of the profitable PSUs in order to ensure "people's participation" in the public sector. The Economic Survey advocated a big push for neo-liberal policies on all fronts. The direct taxes code announced by the government is regressive. The government announced its commitment to push through the legislation to allow foreign education institutions into the country.

At the same time, the government has announced it will bring a Food Security Bill; it has got the Right to Education Act passed in parliament; in the Union Budget it has announced that the minimum wage under NREGA will be increased to Rs. 100 per day. The government also proposed to amend the Constitution to increase representation of women in the panchayats and local bodies to 50 per cent.

At the end of a hundred days, the record of the Government was dismal. Failure to curb price rise of essential commodities and to tackle drought related problems was accompanied by signing of the ASEAN Free Trade Agreement and resiling from its positions on Doha round in WTO and Climate Change talks. The government backtracked in bringing the one-third reservation for women in Parliament and legislatures.

Economic Situation

The Indian economy, while not being as affected as the industrialised countries by the global economic crisis, has slowed down considerably. GDP growth rate is expected to be around 6 per cent in 2009-10, down from 6.7 per cent in 2008-09. The slowdown has particularly affected the agriculture and allied sectors and manufacturing. Job losses continue, particularly in the export sectors. A draft report prepared by the UNCTAD on the 'Impact of Global Slowdown on India's Export and Employment' (May 2009) shows that in sectors such as textiles, gems and jewellery, ores and minerals, the total job loss was around 1.16 million (11.6 lakh) in 2008-09 and it is estimated to be around 1.3 million (13 lakh) in 2009-10.

Agrarian Scenario

Severe Drought

The agrarian scenario in the country has been very bleak over the last few months. The peasantry and the rural poor, already reeling under an acute agrarian crisis, have been hit hard by deficient monsoon and severe drought conditions during the kharif sowing. This has led to a drastic reduction in the acreage of all the major crops. 23 of the 36 Met Sub-Divisions in the country received deficient rainfall (a shortfall ranging from -20 per cent to -59 percent). Nearly 300 districts across the country have been declared as drought hit or having drought-like conditions. There has been a shortfall in paddy cultivation over the normal cropped area by nearly 76 lakh hectares, i.e., lower than the last year by 61.09 lakh hectares. The case of other crops like bajra, maize, jowar, groundnut and sugarcane is also not encouraging. At the advent of the Rabi season many states are facing a situation of unprecedented floods thereby destroying the standing crops. Given such a situation, the problems only worsened with unremunerative prices, dismal support system and ever increasing input costs. The recent floods have caused untold damage and loss of lives in many states. Karnataka and Andhra Pradesh are the worst hit. Bihar, Orissa, Goa, Maharashtra, Assam and Bengal and parts of Kerala have also witnessed the loss of standing crops due to heavy rainfall and floods.

ASEAN Free Trade Agreement

The Free Trade Agreement with the ASEAN countries will seriously affect the farmers cultivating coconut, tea, coffee, pepper etc., the large fishing community as well as workers in textile and light manufacturing goods industry. The impact is bound to be particularly severe in states like Kerala, Karnataka, Tamilnadu, North-East and the coastal regions. All these moves betray a total disregard for the democratic institutions of the country and lack transparency. There is a need to forge the broadest possible unity against such moves. The people of Kerala rose up in protest against this move and built a human chain which became a wall from one end of the state to the other on 2nd October.

Bt. Brinjal

The government has also been playing to the tune of big agri-businesses like Monsanto (which is also on the Board of the Indo-US Knowledge Initiative) and the autonomy of agricultural research in the country has been compromised by engaging such companies in planning as well as research and development. The high royalties that these seed monopolies get have caused further hardship for farmers. The recent decision of the GEAC to approve Bt Brinjal for environmental release was also without proper independent safety assessment and some of the members on the Expert Committee had conflict of interests. However, the intervention by AIKS, scientists and voluntary groups forced the government to put the matter on hold for wider consultation. Genetically modified crops are to be used only

after adequate trials and safeguards are put in place. Such technology is now sought to be monopolised by the multinationals and their domestic collaborators. The use of biotechnology must be done through public research institutions and they cannot be the preserve of the private sector.

Relentless Price Rise

The prices of food items and other essential commodities have continued their relentless rise. The continuous increase in the prices of foodgrains, edible oil, dal, sugar and vegetables is causing immense hardship to the people.

Although the overall WPI inflation rate continues to be less than 1 per cent in October 2009, the annual rate of inflation for primary articles is over 8 per cent. Inflation measured by the CPI (Industrial Workers) stood at 11.72 per cent in August 2009 and CPI (Agricultural Labourers) stood at 13.19 per cent in September 2009. Among the major economies of the world, only Venezuela and Ukraine currently have higher consumer price inflation rates than India.

It is clear that the UPA Government has failed to check the continuing rise in prices of food and other essential commodities. The demands made by the Left parties to prohibit speculative futures trading in essential commodities and crackdown on hoarding have been ignored. The Government has also refused to supply items like pulses and edible oils through the PDS. The oil price hikes effected in July 2009 have not been rescinded. The inaction of the Government on the price front has led to increased suffering for the masses.

Disinvestment

The UPA Government has already embarked upon large scale disinvestment of PSUs in the name of increasing “people’s ownership” and raising resources. The Government has recently decided to divest 5 per cent stake in NTPC and another 10 per cent stake in Satluj Jal Vidyut Nigam Ltd. Divestment of stakes have already occurred in NHPC and Oil India. With the NTPC decision, the Government has gone back on its commitment not to disinvest shares in the navratna PSUs. Decision has been taken to offload the minority stakes of Phoenix Yule Ltd. held by Andrew Yule (26 per cent) to a private company. While the first Budget of the Government had mentioned only Rs. 1120 crore as disinvestment proceeds, the Government seems to be working on the aggressive neoliberal agenda set by the Economic Survey, which had earmarked a Rs. 25000 crore disinvestment target for the current financial year.

Regressive Tax Code

The Direct Taxes Code Bill unveiled by the Government in August 2009 for public discussion contains several regressive provisions and if passed would lead to a significant loss of revenues. The tax slabs contained in the code proposes to levy income tax at 10 per cent up to Rs 10 lakh, 20 per cent between Rs 10 lakh to Rs 25 lakh and 30 per cent above Rs 25 lakh. It is estimated that over 97 per cent of the 3 crore odd taxpayers in India will be

paying income tax at just 10 per cent, in case the code is adopted. The tax code also proposes to bring down the wealth tax rate from 1 per cent to a miniscule 0.25 per cent, while raising the tax slab from the current limit of Rs. 30 lakh to a net wealth exceeding Rs. 50 crore. Corporate tax rate is also proposed to be cut from 30 per cent to 25 per cent and the Securities Transactions Tax abolished. These proposals will not only lead to a serious loss of tax revenues but also goes against the principle of equity. The proposals lay bare the neo-liberal intent of the UPA Government in making the rich richer by cutting taxes and also expose its lack of commitment in raising resources to fund social welfare measures

Other Neo-Liberal Reforms

The UPA Government is in the process of initiating or implementing neo-liberal reforms in several areas, which were resisted by the Left parties during its previous tenure. The bill to amend the insurance laws and increase the FDI limit in the insurance sector is being pushed. The 2 billion dollar loan from the World Bank to recapitalise some of the public sector banks portends further steps to disinvest shares of the nationalised banks. Legislation to allow FDI in higher education is also on the anvil. An India-US Education Council is in the process of being set up. Institutionalization of private universities and opening the doors for foreign education providers is a major aspect of the higher education reform agenda being pursued by the Government.

WTO Doha Round

Following the Indian Commerce Minister's visit to Washington, the Government hosted a Ministerial Meeting in New Delhi in September 2009 in order to break the "deadlock" in the Doha Round of the WTO. The negotiations got deadlocked earlier because of the developed countries like the US and EU refusing to cut back on their huge agricultural subsidies and the US strongly opposing the minimum safeguards for protecting the livelihood of millions of small farmers in developing countries against the unfair competition from subsidized cheap imports from developed countries. Given the positions adopted by the developed countries on agriculture, NAMA and TRIPS and the backdrop of the global economic crisis, developing countries like India have little to gain from the Doha Round of negotiations. Yet the UPA Government is playing a proactive role to successfully conclude the Doha Round in the Ministerial Conference scheduled in Geneva in November 2009. It is clear that the Government is succumbing to pressure from the US and diluting its position.

Climate Change Negotiations

Another crucial area where the UPA Government is giving in to US pressure is the Climate Change negotiations. The Minister for Environment and Forests has already signalled an about turn on India's long held negotiating position, along with other developing countries, that the developed countries like the US whose carbon dioxide emission per capita is 20 times more than that of India, should first cut their emission levels sharply to bring about a

convergence between the emission levels of developed and developing countries. The Environment Minister has explicitly argued for abandoning the developing country grouping - G 77 – and lining up with the developed countries in the climate change negotiations, in order to secure a permanent seat in the UN Security Council. Such a position would not only reduce the pressure on the developed countries to take substantial binding cuts in emissions but also lead to developing countries like India taking binding emission cuts without technology transfer in favourable terms. Such a capitulation from the Indian side before the Copenhagen Conference scheduled for December 2009 would harm the interests of the developing countries as well as the majority of the Indian people.

Civil Nuclear Liability Bill

In line with the Indo-US nuclear deal, the UPA Government is in the process of finalizing a Nuclear Liability Bill which seeks to cap the compensation amount to be paid in case of an accident in a nuclear facility, in keeping with the Vienna Convention on Civil Liability for Nuclear Damage and the Convention on Supplementary Compensation for Nuclear Damage. The amount of \$ 450 million (Rs 2000 crore), at which the compensation is likely to be capped, is exceedingly low compared to the likely scale of losses in case of a nuclear accident. It is noteworthy that around the same amount was paid as compensation by the Union Carbide following the Bhopal Gas disaster, which when divided among 6 lakh victims amounted to only \$500 (Rs. 23000) per victim. Moreover, the Indian bill is reported to have provisions whereby the liability in the case of accident would lie with the operator, i.e. the Nuclear Power Corporation and not the supplier companies. This is being done solely at the behest of the US companies, GE and Westinghouse, which have already secured a site each for nuclear power plants in Gujarat and Andhra Pradesh (estimated cost of each reactor being \$ 10 billion).

KG Basin Gas Price

The UPA government's acting at the behest of big corporates was exposed when the Prime Minister himself got involved in resolving the dispute between the two Ambani brothers. The Reliance Industries Ltd had got the Government to raise the price of KG basin's gas to \$ 4.2 per unit in September 2007. This was done through a recommendation of EGoM. By this the government acted against the interests of the NTPC and the fertiliser companies.

Indo-US Relations And Foreign Policy

Just as the Congress-led government is committed to pursuing the neo-liberal policies, so also it is firm on strengthening the strategic ties with the United States. The visit of US Secretary of State, Hillary Clinton to Delhi led to a joint statement in which it was announced that an End Use Monitoring Agreement has been arrived at. This will enable inspection by US teams of weapons purchased by India on a regular basis. India has also agreed to adopt a law on limiting the liability in case of nuclear accidents for the US suppliers of

nuclear reactors which has been referred to above.

The much flaunted US-India "Strategic Partnership" has raised certain uncomfortable questions for the Manmohan Singh government. The Obama administration took the initiative within the G-8 forum in Italy for denying advanced nuclear technology for reprocessing and enrichment for countries like India which have not signed the NPT. The G-8 countries would like these guidelines incorporated by the Nuclear Suppliers Group of 45 countries. When this happens, India will not be able to access ENR technology as per the Hyde Act. With the stance adopted by the Obama administration there is growing prospects of pressure being stepped up on India to sign the discriminatory NPT and the CTBT. The United States situates the India-US deal within the Nuclear non-Proliferation architecture and it has become an instrument for the US to pressurise India on various counts especially foreign policy. The stepped up military assistance to Pakistan despite the full awareness that such military hardware can be used by Pakistan in any conflict with India has exposed the regional power game of the United States which is working against Indian interests.

The United States is also mounting relentless pressure on the Indian government and the military establishment to buy American weapons. The Americans want the order for 126 fighter plans worth Rs. 50,000 crores to be handed over to American companies. The Americans have mounted pressure on India to resile from the positions it took on the Doha round of negotiations and the climate change talks and to fall in line with its Afpak strategy.

The fiasco surrounding the India-Pakistan joint statement during the NAM summit at Sharm el Sheikh should be seen in this context. The statement delinked the issue of counter terrorism from the dialogue between the two countries. It further referred to Pakistan raising the issue of Baluchistan. Such formulations creeping into the joint statement should be seen in the background of the pressure mounted by the United States. The United States is eager to see that the India-Pakistan dialogue is resumed and a situation conducive to the shifting of Pakistani troops from the Eastern borders to the West is created. The United States would like to extend the Afpak strategy to the India-Pakistan problem mainly centred on Kashmir.

Our Party is in favour of the resumption of dialogue between India and Pakistan. At the same time, India should keep up the pressure so that tangible steps are taken by Pakistan to show that they are acting against the terrorist groups operating within their country. The flawed formulations in the joint statement resulted in the options of the Indian government getting limited.

India-China Relations

There has been a concerted campaign in the corporate media portraying China as an alleged threat to India's security. Reports appeared in the media of an increase in incursions by Chinese security forces on the Line of Actual Control. Even a report was fabricated of injuries to two Indian soldiers in firing. Both the Indian and Chinese governments clarified that there have

been no such incidents or increase in tensions on the border. The announcement of the visit of the Dalai Lama to Arunachal Pradesh and the Chinese government's disapproval of the visit of the Prime Minister to Arunachal Pradesh for the election campaign have exacerbated the situation. Both sides had signed an agreement on Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question in April 2005. Till the settlement is worked out, both sides are committed to maintain "peace and tranquility" along the Line of Actual Control.

It is evident that a calculated effort is on to create misunderstanding and mutual suspicions between the two countries. The Indo-US strategic alliance is being projected as a counterweight to China by the US and interested quarters in India. Further, the stepped up campaign against China as a security threat to India is being motivated by the lobbies which want to further deepen India-US strategic ties and ensure that India becomes a major buyer of US weapons. The heads of US armed forces during their periodic visits to India highlight the military threat being posed by China to the region.

This attempt to spoil India-China relations should be seen in the background of the steadily improving ties and cooperation between India and China. China has become India's biggest trading partner replacing the US. India-China trade has touched \$ 52 billion in 2008 outstripping the target set. There are shared interests regarding climate change, G-20, terrorism etc. The India-China dialogue on climate change is taking place in October. The 4th meeting of the foreign ministers of India, Russia and China within the trilateral framework has been held in October in Bangalore. Both the governments of India and China must pursue the efforts to negotiate a settlement on the border dispute while strengthening all round ties between the two countries.

North East

Manipur Situation: The cold blooded killing by the Manipur Police of a young man in a market place in Imphal on July 23 and the death of a pregnant woman by police bullets in the same incident inflamed public opinion. The staged encounter by the Manipur Police was exposed by pictures taken by a photographer. A widespread agitation was launched by the people which led to curfew being imposed in the four valley districts for 45 days. There have been a number of arrests under NSA of the activists of the Apunba Lup organisation which is leading the agitation. Various student organisations have joined the protest boycotting classes for the last three months. The judicial enquiry instituted by the state government has not satisfied the people. The main demand of the agitation is the resignation of the Chief Minister. The state government should end the repression and take firm against all those guilty of the killing of the two persons.

Assam: In Assam there have been ethnic clashes in the North Cachar hills due to the conflict between the DHD(J) and the NSCN(IM). Such fratricidal clashes have occurred in the past few months between the Dimasa and the Zema Naga communities leading to the loss of many lives and property. A

welcome development has been the surrender of the DHD(J) activists who are also known as the Black Widow. The bulk of the DHD(J) activists have surrendered with their arms. The NDF(B) the extremist Bodo group is continuing with its violent activities and recently it was responsible for the killing of 14 persons belonging to a different ethnic group. There are a number of extremist groups which have surrendered and there are more than 3000 militants in designated camps. It is essential for the Central Government to see that talks are held with all these groups so that there can be a settlement within the framework of the Constitution and the unity of Assam.

Jammu & Kashmir

The level of extremist violence has come down sharply in the state after the last assembly election. However, the alienation of the people is being expressed through mass protests whenever there are instances of State repression. Beginning with the Shopian incident, there have been a series of mass agitations. The separatist forces have been active in mobilising the people for these protests.

The Central government has announced that it is ready to have talks with all shades of political opinion. The Hurriyat led by Mirwaiz Umar Farooq has welcomed the move while Syed Geelani has dismissed the offer. The UPA government should come forward with specific proposals for provision of maximum autonomy for Jammu & Kashmir alongwith regional autonomy for the three regions.

Hindutva Terrorist Groups

The terrorist activities of certain Hindu extremist groups which surfaced after the Malegaon blasts has once again been confirmed by the accidental explosions which killed two persons belonging to the Sanathana Sanstha in Goa recently. Links to blasts in Maharashtra in Thane and Nanded have been traced to this organisation. The concerned state governments should take firm action against this extremist organisation.

Corruption

The CBI is inquiring into the telecom scam in allotment of 2G licences. However the Minister, A Raja, responsible for the decision to benefit some private firm is continuing in office. In order to ensure a fair probe, he should be asked to step down.

The Government has finally buried the Bofors case by withdrawing the charges against Ottavio Quatrocchi. This is the final act in a long process of cover up by successive Congress-led governments.

The charges of illegally acquiring land and assets against Justice D P Dinakaran who was empanelled for promotion to the Supreme Court

highlights the inadequacy of the present system of appointing and elevating judges in the higher judiciary. The collegial system involving only members of the judiciary cannot provide credibility and objectivity to the appointment process. The setting up of a National Judicial Commission empowered to act in the appointment of judges and then removal is the only way.

Maoist Activities

The Maoist activities have been stepped up in Jharkhand, Chattisgarh, Bihar and Orissa along with their activities in the Lalgarh area. Bandhs were organised by the Maoists in Jharkhand and Bihar to protest against the arrest of Chhatradhar Mahato and other leaders. They have brutally killed a sub-inspector kidnapped by them in Jharkhand. In Maharashtra, in Ghadchiroli district 17 policemen were killed in a Maoist ambush. The Central Government has planned operations by the paramilitary forces along with state police in the affected states in a coordinated fashion from November. The areas where the Maoists are entrenched are some of the most backward regions where the tribal people are living amidst the worst socio-economic conditions. Unless the State takes measures to protect the land and livelihood of the tribal people and ensure all round development of these areas, the use of security forces alone will not be able to tackle the problem. Some sections of the media and anti-Communist intellectuals seek to project the Maoists as revolutionary in order to denigrate the organised Left. Our Party has to make more sustained efforts to work in the tribal areas and organise the tribal people. At the same time, the Party has to conduct a campaign to expose the disruptive politics and ideology of the Maoists.

West Bengal

In West Bengal, after the Lok Sabha elections, the Trinamul Congress and the Maoists have continued their attacks on the Party. A serious situation developed in the Lalgarh area of West Midnapur where scores of comrades were killed by the Maoist gangs. These killings continued even after the police-CRPF deployment. The Maoists have also targeted and killed comrades in Purulia and Bankura districts. Mamata Banerjee and the Trinamul Congress leadership are openly demanding an end to the police operations in the area. They have also protested against the arrest of Chhatradhar Mahato, the leader of the Maoist front. The Trinamul Congress's links with the Maoists have become further clear in this period. The other area where hundreds of supporters have had to leave their homes is Khejuri adjoining Nandigram in East Midnapur. Altogether from the beginning of the election campaign in March till 15th October, 120 comrades have been killed.

In the last CC meeting we had given a call to organise solidarity campaigns with the Party and the Left Front and against the attack in West Bengal. This campaign has to be continued. Along with this, a campaign against the Maoists, exposing their disruptive politics and ideology should be conducted.

The West Bengal State Committee of the Party met and discussed the steps to improve the work of the government and the Party organisation in the first

week of August. On August 31 on the 50th anniversary of the food movement, a massive rally was held in Kolkata to rebuff the Trinamul Congress offensive.

United Workers Movement

A National Convention of Trade Unions was held in September. All the Central trade unions including the INTUC and BMS participated along with the Central Unions represented in the Sponsoring Committee of Trade Unions. This was a significant step in establishing trade union unity. The Convention adopted a declaration in which steps to curb price rise and end violation of labour laws were demanded. The declaration also came out against disinvestment of shares in central public sector units and protection for unorganised sector labour. The convention decided on state level joint conventions and observance of all India protest day on October 28, 2009.

The Party should support the united working class action and actively work for its success.

Political Situation

BJP Crisis

After the election defeat, the BJP has steadily plunged into a crisis. The differences first came out in open as to who should be the leaders of the opposition in the Lok Sabha and the Rajya Sabha. This was followed by the expulsion of Jaswant Singh at the time of the *chintan baithak* on his book on Jinnah and partition. This led to further recrimination and open criticism by some leaders.

Underlying these differences and quarrels about leadership is the contradiction which is unresolved in the BJP. After the 2004 Lok Sabha defeat efforts were made by the BJP to broaden its appeal and get more allies on board. But this comes up against its Hindutva ideology and the RSS position. Advani had to resign from the presidentship after the Jinnah episode in Pakistan. Now again after the 2009 elections, the differences on the ideological-political course to be adopted have sharpened.

The crisis in the BJP will be overcome only with the RSS intervention. The fiction that the RSS is a cultural organisation and does not direct the affairs of the BJP is being fully exposed. The RSS chief Bhagwat during his visit to Delhi met all the leaders of the BJP and his decision will be final.

It is expected that Advani will step down from the position of opposition leader before the next session of parliament. When the term of Rajnath Singh is over by January 2010 a new President will be elected chosen by the RSS.

The disarray in the BJP has demoralised and disillusioned many of its supporters. There may be a setback but it will be wrong to underestimate the threat of communalism. The danger is that with the RSS grip tightening, the BJP will fall back on its hardcore Hindutva and communal agenda. Wherever

the BJP is strong as in Gujarat, Madhya Pradesh, Karnataka and so on the RSS writ runs, as the success of the BJP is based on communal politics and polarisation.

We have to continue to expose the reactionary and disruptive character of the politics of the RSS-BJP combine and its Hindutva ideology. The disarray in the BJP and their failure to act as an effective opposition provides us an opportunity to go among the people and rally them on major issues affecting their lives. If this work is done along with the political-ideological campaign, it will provide us scope to advance in new areas. At the same time strengthening our ties with the non-Congress secular parties will help further isolate the BJP.

Role of other Political Parties

The Samajwadi Party has been expressing its discontent and anger against the Congress after the elections. The Congress party does not require the support of the SP as it has been able to muster a majority without them. The SP has been demanding a coordination committee on the lines of the earlier UPA-Left coordination committee. The SP has been criticising the UPA government's policies. It has attacked the government on price rise, the joint statement with Pakistan and on the supply of gas and pricing issues involving the two Ambani brothers.

The Samajwadi Party held its national convention in Agra in August. In this convention it came out against the Mayawati government in UP and called for a jail bhara movement in January. At the same time it sharply criticised the UPA government on issues like price rise etc. But it refrained from withdrawing support to the UPA government even though such demands were made. The SP leadership is trying to bargain with the Congress by saying that they should not take a soft approach to the BSP. They want the Congress to refuse the BSP's support to the UPA government.

The BSP also extended support to the government. It did so immediately after the SP declared support. However, in Uttar Pradesh its conflict with the Congress got sharpened. The fact that the Congress could get one more seat than the BSP has riled Mayawati. Every effort that the Congress makes to extend its base is being opposed by her vigorously. The UP Congress President Rita Bahuguna's objectionable remarks in a speech against Mayawati and the retaliatory arson attack on her house and her arrest have embittered relations.

By-Elections

In Uttar Pradesh there were by-elections to four seats in July. The BSP won three and Ajit Singh's RLD won one. The BSP gained one seat from the BJP and two from the SP. This shows that the BSP still commands substantial support. Elections to 10 more seats will take place on November 7.

The Janata Dal (S) also extended support to the UPA government. They did so keeping in view their situation in Karnataka where the BJP government is in

power. They were interested in a limited cooperation with the Congress but were upset with the fact that the Congress is not willing. In the five assembly by elections in Karnataka the JD(S) won two seats and the BJP two seats. The Congress could win only one seat though four of them were its sitting seats.

In Tamilnadu, the AIADMK called for a boycott of the by-elections to five assembly seats. They did so without consulting the Left parties. The PMK and the MDMK, its election allies joined the boycott call. The CPI(M) and the CPI decided that it was wrong to give a boycott call even though there were election malpractices on a largescale by the DMK during the Lok Sabha elections. The two parties decided to fight two seats each. The DMDK of Vijayakant fought on five seats. As expected the DMK-Congress won all the five seats. The DMDK came second in all the seats. Subsequently, the PMK has parted ways with the AIADMK.

In Andhra Pradesh, we have been taking a joint stand with the TDP on some issues inside the assembly. We have also sought to have joint actions with all the opposition parties except the BJP on issues like price rise and drought. Chiranjeevi's party the PRP has suffered desertions with some of its leaders and cadres quitting the party. One of the key leaders of the TDP who had defected and joined the PRP in Telengana, Devendra Goud and his group have returned to the TDP.

In Bihar, by-elections to 18 assembly elections were held in September. The JD(U) suffered a setback as it could win only two seats and along with its ally the BJP, a total of five seats. The RJD-LJP alliance won nine seats, the Congress two and the BSP one. The Left parties, the CPI, CPI(M) and the CPI(ML) who fought the Lok Sabha elections together had a partial seat adjustment for these by elections. Our Party fought 5 seats and the CPI 5. The CPI(ML) contested 8 seats in which they clashed with us in 3. The Left parties could not win any seat.

Assembly Elections

Assembly elections in Maharashtra, Haryana and Arunachal Pradesh were held on October 13. In Maharashtra the Congress-NCP alliance and the BJP-Shiv Sena combine were the major contenders. A new electoral formation, RLDF, emerged with the merger of the three factions of the Republican Party of India, their understanding with the Left parties and other non-Congress secular parties like the PWP, SP and the JD(S). Our Party contested 20 seats. The Congress-NCP alliance has won the election by getting 144 seats.

The Congress alliance benefitted from the split in the Shiv Sena vote with the MNS winning 13 seats and polling 5.7 per cent of the vote. The Shiv Sena seats went down to 44 from 62. The RLDF won 11 seats of which the CPI(M) got one. The Party won the Dahanu seat but it failed to retain the other tribal seat, Kalvan.

In Haryana, the Congress failed to get a majority. Given its sweep of all the ten Lok Sabha seats, it was expected to get a clear majority. The INLD

recovered ground and won 32 seats. The Congress is able to retain the government with the help of independents. The CPI(M) and the CPI fought the elections jointly with the Party 12 seats and the CPI 8 seats. The Left could not win any seat.

In Arunachal Pradesh, the Congress had an easy victory.

Summing Up

The Congress is in an advantageous position given the disarray in the BJP in the post election situation. The victory in the three state assembly elections held in October confirm this. The UPA government had started on a confident note. However, the last five months, have not been all smooth sailing .

The acute price rise of food and essential commodities, the drought conditions which have aggravated the agrarian crisis and the controversy over the joint statement with Pakistan have all been detrimental to the government. Inside parliament on the petrol and diesel price hike, the joint statement with Pakistan, the End Use Monitoring Agreement with the US and the G8 restriction on ENR technology transfer found the government isolated. Even some of its allies and those supporting it from outside came out against the government's stand. In the coming days, it should be possible to mount wider opposition to the policies of the government and its coming under pressure on a number of major issues to the United States.

Our Approach & Tactics

1. The review of the Lok Sabha election has highlighted the importance of expanding the independent activities of the Party. In the present situation, without the independent strength of the Party being increased, we cannot undertake the political tasks set out in the 19th Congress. We have to intervene on all major political issues at the Central and state levels, we must take up the mass issues for campaigns and struggles. As noted in the election review we must concentrate on building sustained struggles on local issues. We must also build up state level movement on major issues.

2. The Left parties have to take joint initiatives and we must carry forward the United work of the Left parties. On price rise, drought and food security, we have already chalked out joint actions.

3. We must continue to oppose the neo-liberal policies of the government. This extends to areas outside the economy like health, education and basic services.

Our orientation should be to take up the issues of the working class including the unorganised sector, poor peasants, agricultural workers and the mass of the rural and urban poor. Special attention has to be paid to the demands and problems of the dalits, adivasis, minorities and women.

4. Already the stance of the UPA government on deepening its strategic

alliance with the USA is evident. We have to pick up all the issues regarding the alliance with the United States and build up the anti-imperialist movement. The Pakistan-Afghanistan situation must also be followed carefully as it will affect our country.

5. Centre-State relations: A number of issues concerning Centre-State relations have arisen. Even in education some of the pronouncements of the Education Minister, Kapil Sibal, violate the rights of the states. The Right to Education Act can be implemented only if Centre gives necessary funds and not ask the states to do it. Similarly, whether it be drought or calamities the Centre has to provide more relief and assistance. We have to see how we can mobilise the various states to take common positions.

Attitude To Non-Congress Secular Parties

Our emphasis should be on independent activities followed by united Left initiatives. We should maintain relations with the non-Congress secular parties. This will take shape, mainly at present, of cooperation within parliament and state legislatures. In parliament we can coordinate with non-Congress secular parties on issues to issues. Such parties are the TDP, RJD, SP, BSP and the AIADMK. Even the JD(U) which belongs to the NDA can be mobilised on some issues.

Outside parliament we can cooperate with the concerned non-Congress secular parties as and when required. We should not see this in terms of continuance of the electoral alliance with these parties. Such an understanding was formed only for the elections.

We should seek the cooperation of the non-Congress secular parties on issues and keeping the needs of joint movements in mind. It may not be possible to draw some of these parties into joint actions outside parliament. But we must maintain relations with them especially in the light of the disarray in the BJP. As and when the political situation develops and mass discontent occurs, the scope for joint actions will increase.

Immediate Issues & Tasks

1. **Against Price Rise, Drought Relief & PDS/Food Security:** The Left parties have called for state level joint conventions and the holding of state level rallies in November. This should be implemented.

2. Campaign against ASEAN free trade agreement; no surrender in the Doha round of WTO, Climate Change talks.

3. Against disinvestment of shares in profitable PSUs. Strict implementation of labour laws. Support the call of the National Convention of workers.

4. Against surrender to US pressures -- End Use Monitoring agreement, the proposed nuclear liability law.
5. Oppose the foreign education providers bill which will allow foreign universities and educational institutions to be set up in India.
6. Campaign against the direct taxes code which is giving tax cuts for the corporates and the rich.
7. Vigilance against the moves of the BJP-RSS combine to raise communal issues and exposure of the disruptive Hindutva agenda.
8. Campaign against the Maoists to expose their disruptive ideology and politics.
9. Step up the campaign in solidarity with the CPI(M) and the Left Front in West Bengal. Mobilise the people against the violence and attacks by the Trinamul combine.
10. Continue the struggle for proper implementation of the NREGA and forest tribal rights act.
11. Campaign for implementation of 33 per cent reservation for women in parliament and legislatures.