

**The New Situation
and
The Challenges Ahead**

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The New Situation And The Challenges Ahead

(This is the address delivered by Com. E. Balanandan, President, CITU at the General Council meeting of CITU held at Nagpur from March 13-15, 1992—Ed.)

Dear Comrades,

On behalf of all of you, I pay respectful homage to the memory of the martyrs who had to lay down their lives in police firings and goonda attacks during the course of the struggles to protect the interest of the working class. I also pay homage to the memory of all those cadres and leaders of the trade unions and other democratic movements who passed away after our 7th Conference held at Calcutta in February, 1991.

The CITU continued to respond to the developments in the national and international arena and seriously engaged itself in struggles to protect the interest of the working class after the 7th Conference. We held the Working Committee of CITU at New Delhi from September 1-3, 1991 and reviewed the work done after the conference, and outlined the immediate tasks. The details of our activities after the same are enumerated in the General Secretary's report. I am confining to certain issues only.

Dismantling of Socialism

We have noted in our 7th Conference the changes that took place in Eastern Europe and their change over to the capitalist system. The Soviet Union has been sabotaged from within and

broken up. Each republic has declared independence. Though they were brought into Commonwealth of Independent States, differences among them continue in many areas. The state of war between Azerbaijan and Armenia continues with regard to the control of disputed Nagorno Karabakh. This Commonwealth could not reach any agreement to have a common united army command. States like Kazakisthan, Ukraine, etc. are insisting that they must have their own independent armies. Ukraine and Russia are disputing about the control over the Naval force. Five Islamic republics have decided to join the Islamic block, formed by Iran, Pakistan and Turkey.

Euphoria with which the change over to market economy was welcomed is dying down rapidly before the stark realities of scarcity of meat, bread and other necessary supplies while hoarding and blackmarketing are becoming the order of the day. A new class of the rich has emerged and they are operating in collusion with foreign multinational corporations.

There was a lot of propaganda about the technological backwardness of the Soviet economy. But Soviet technology was geared to provide cheap basic necessities for the people. Its achievements in space, nuclear technologies and several other frontiers are also substantial. In spite of the propaganda about the backwardness of Soviet technology, technologists and scientists are in big demand for the multinationals. These resources are being now used by them for exploiting the people. Multinationals are coming in a big way to set up their production units and the cost of goods produced by them are kept very high. A new industrial structure is being built up while several factories are closed down and workers are being thrown out to the streets.

The welfare system in vogue in Soviet Union, full employment, cheap supply of food articles, free education, health care and cheaper housing etc are being abolished. The prices of everything have gone up to unimaginable levels, 100% to 500% and in some cases even more. Unemployment which was not known to the Soviet people has come with all its ferocity and lakhs of people are forced to queue for a cup of soup in the biting cold before the gruel centres.

Cultural decadence has become the order of the day in Russia and other republics. Bribery, theft, prostitution etc. are

on the increase. Crime rates are going up. The people have started to react to these serious difficulties. The trade unions are trying to put demands for wage increase.

Demonstrations are taking place in many areas. Lakhs of people have demonstrated in Moscow, the capital of Russia. It is also reported that the communists are trying to regroup themselves and XXIX Party Congress of the CPSU is also going to be held in the coming months.

The situation in the East European countries is also not better. They have now come to realise the folly of choosing the path of market economy. A newly emerged capitalist class together with the foreign capitalists is controlling the economy and industry while the security of employment and social security are thrown to the winds. Unemployment in erstwhile East Germany and other countries are stated to be 25 to 40%.

These developments are not only a setback to the working class but to human progress in general. We must assert the historic role played by the Soviet Union in shaping human progress.

The breaking up of the Soviet Union and its change over to market economy have led to serious repercussions in the international relations. The Third World countries and national liberation movement have lost a reliable ally in their efforts for independent and national liberation against the pressures of imperialism. We cannot forget the fact that in the case of our own country the Soviet Union has given invaluable assistance, for our self-reliant economic development and strengthening of our own independence.

The victory of the Great October Revolution of 1917 radically changed the destiny of entire mankind. The first socialist state from its very inception stood for the expansion of democracy, freedom, peace, and progress for the whole of humanity. In a short span of time, after the revolution in backward Russia a powerful socialist state was built up by the Soviet people, clearly establishing the superiority of socialism over the capitalist exploitative system. The victory over Fascism in the Second World War was ensured by the military might of the Soviet Union, and the unparalleled heroism and sacrifice of more than 20 million of its people which saved the entire humanity. The change in the balance of forces after the victory of Second World

War immensely helped the liberation movement in the erstwhile colonies of Asia, Africa and Latin America, since the Soviet Union emerged as a powerful country which stood for the abolition of colonial order.

The Great Chinese Revolution which brought the most populous country in the fold of socialism and victories of revolution in Korea and Vietnam were facilitated, among many other things, by the help of the mighty Soviet Power. The working class throughout the world drew inspiration from the socialist system in their fight against the capitalist exploitation and they could wrest substantial gains from the capitalists everywhere. Also none can dispute the fact that the contribution of the Soviet Union in safeguarding world peace and averting a nuclear holocaust has saved the world from destruction.

Using the mistakes committed during the construction of the new socialist society and through internal subversion, imperialism and capitalism succeeded in rolling back socialism to capitalism. This can only be a temporary phenomenon. Since the laws of social progress will assert themselves, the working class will be able to bring back socialism with added strength and vigour in much wider part of the world sooner than later.

However, we must concede that it was a set back not only for the working class but for the onward march of human society.

Crisis in World Capitalism

The bourgeois ideologues interpret the recent international developments as proof for the failure of the socialist idea and the success and vindication of capitalism. They claim that all the problems of earlier capitalism have been successfully resolved and that the capitalist system is progressing smooth and sound. But what are the realities.

We all know that capitalist economy can sustain itself only on the basis of ever expanding production and market. Fall in production or shrinkage in market means fall in profits and dividends. This leads to panic in the market and fears of collapse of the system. The fear of repetition of global crisis or depression had been haunting the world capitalist system throughout the eighties. Economic recession was already a reality during

the second half of the last decade in several imperialist countries. Thus the collapse of the socialist camp was perceived as a great success and a relief by the market strategists of world capitalism. But all such euphoria over the failure of socialism was shortlived. It is now conceded by all these market theoreticians that world capitalist system has moved into a prolonged recession or even depression.

The current situation in the USA which had been the leader of the world capitalist system in every sense of the world for the past half a century is by itself indicative of this deep crisis. The USA which emerged as the richest country as a result of the second world-war is the biggest debtor country in the world. Its foreign debts are estimated at a colossal 360000 crores Dollars as on December, '91. That is about 15000 Dollars per capita or equal to about ten months' national income. And this foreign debt is increasing rapidly because of its huge trade gap with other capitalist countries especially Japan which is of the order of 800 crores Dollar every year. But USA continues to be the leader of world capitalism only because of its armed and the nuclear arsenal at its disposal, deployed all around the globe.

The inhuman attack on Iraq which the USA had engineered last year using the name plate of the UN was in fact an attempt for salvaging the crisis ridden US economy and for reasserting its global military hegemony. The US administration collected over 6500 crores Dollars for war expenses from its allies, Japan, UK, FRG and others. Such wanton destruction and wars have been the characteristic of capitalism throughout the century. The Korean war, the Vietnam war and the other numerous conflicts foisted on the world by US imperialism are examples still in the living memories of our times. Wars and destruction stimulate the market burdened with capitalist overproduction and revive the hopes for future profits and are in a way the Keynesian solution for the basic imbalances in the capitalist economic system.

But even the massive expenses incurred on the recent Gulf War have not helped the US economy or world capitalism to solve the economic crisis this time. In fact, it has only further intensified it. By 1986 the US automobile monopoly had incurred a loss of 1500 crore Dollars and closed down eleven

of its manufacturing plants. In 1991 its Chairman Robert Stampel has announced the further closure of 21 manufacturing plants declaring 75000 workers redundant; its losses for the year were 500 crore Dollars. The most successful Bethlehem Steels has assessed its losses for 1991 at 63, 800 crore Dollars and more than one fourth of its workers have lost their jobs. The IBM, the computer monopoly which made a profit of 6200 crore Dollars in 1990 ended with a loss of 2800 crore Dollars in 1991 and its 29000 workers were dismissed. According to its Chairman, John Ekels, IBM is facing its worst crisis in the 45 years of its existence. Alongwith IBM, several other computer companies including the number two company, Digital Equipment, are facing similar situations.

The increasing financial losses and stagnation in the industrial sector of USA, have affected its commercial and banking sectors as well. In 1990 the US Government owned insurance organisation paid up 50,000 crores Dollars for salvaging private banking and financial institutions in the country which were deregulated under Reagan reforms of the eighties. The burden of such huge write offs by the private financiers was passed on to the people as increased taxes. Bank failures and consequent salvage measures like merger and take overs are on the increase for the past few years. In November 1991 the commercial sector of USA has reported a loss of 30,600 crore Dollars, in addition to the loss of 60,300 crores Dollars in the previous month of October. For the whole of 1991 the total losses are feared to be the highest for the past eight years.

As the US economy is facing a prolonged recession with its zero or negative growth rate, its partners are being drawn into a crisis of global dimensions. Japan's economy which was enjoying a much high growth rate during the eighties has slipped to a 3.8 per cent growth in 1991 for the first time. It may be down further to below 3 per cent in 1992. Japan which was enjoying a huge trade surplus with USA throughout the eighties was buying up companies and other assets throughout the world especially in the USA. Faced with the resistance against such take overs and the deep recession in these countries, such solutions for utilising the surpluses are becoming increasingly difficult. Japan is now being pressurised to spend their surplus on armaments or contributions to the global policing expenses

incurred for the USA. The proposals of the Japanese Government for increased expenses on armaments are being stiffly resisted by the Japanese people.

When the socialist East Germany with around 1.7 crore people was annexed by West Germany with well over 6 crore population in 1990, the United Germany was perceived to be emerging as an economic super power of Europe. Like Japan, the economy of the FRG was experiencing a much higher growth rate in the eighties. The forced merger of the socialist Germany was expected to create huge growth opportunities for West German monopolies in connection with the so called reconstruction of the East. Massive investments were planned in the East and West German stock markets were bubbling with the speculations of super profits. All these high expectations have now dried up. German capitalism has failed in living up to the expectations raised among the people of the East Germany and the system itself is now under strain. The industrial financial monopolies of that country is now engaged in an unsuccessful battle with the workers of the industrial and financial sectors. Faced with the prolonged recession in the entire global economy, the German economy is also facing the prospects of zero or even negative growth rates. The much propagandised massive reconstruction of the East has now turned out to be a mere mirage.

Compared with its imperialist counterparts, the economy of Great Britain, the only super power of the pre-war period, has been stagnating all through the post-war period. Thatcherism was the "answer" to all the problems of the postwar British economy—thus propagated the monopoly capitalist of that imperialist power. Under the dictates of Margaret Thatcher a massive denationalisation process was initiated. National assets in the electricity, telecom, steel, etc. worth billions of Pounds were sold out to and taken over by private monopoly interests. The British state was trying to prop up its rapidly losing imperial image and indulged in exercises like the Falkland war to revive its past glory by using the massive funds raised through the liquidation of such national assets. But Thatcherism was forced to bow down to economic realities. One in every fifty factories was declared bankrupt by 1991 after the Thatcherist reforms, their number reaching a historical high of 19,335 since

1945. In fact, soon after the collapse of the socialist camp, Thatcher had to bow out to salvage the image of the Conservative Party. The economy of UK, a major partner in the imperialist camp is already experiencing negative economic growth rates, its GDP declined by 3.7 per cent in 1991 and there is little prospect that things will change in the near future, thereby endangering the electoral prospects of the Conservatives.

There is no single capitalist country among the Group of 5, or of the Group of 22 that is exempt from the prolonged recession which is feared to be maturing into a global depression of the thirties that ultimately led to the Second World War. That in essence, comrades, is the status of the global capitalist economy, as on today.

Attack on Employment and Wages

Faced with the situation of a prolonged recession or even depression world monopoly capital or corporate capitalism is drawing up and implementing its own survival strategies. Workers in their millions are being retrenched in USA and other capitalist countries as part of the global restructuring plans, drawn up by the private monopolies in order to retain their credibility by cutting down losses or trying to sustain the profits. The monopolies across the developed capitalist countries are trying to pursue a strategy of global alliances for launching their attack on the working classes of different nationalities, so that the burden of the impending economic crisis could be cleverly passed on to them with the least of resistance. While the European monopolies are joining hands through the EEC combine, the American monopolies are planning to expand the already large US market to a broader North American one consisting of Canada, Mexico and even some of the Central American States. And Japan does not want to be left behind in South East Asia.

After a decade of acquisitions, take overs and corporate raids, the world financial-industrial monopolies are forming and consolidating strategic alliances within these three trading blocks and also across them. The primary objective is cutting down real wage costs through retrenchments, inflation and increased working time, with the help of globalised labour

market and a globalised production system.

By December 1991, unemployment in UK has already reached a figure of 25,00,000. The sharpest increase was registered in the last four months, August to December; November's figure alone adding some 38,000 to the total. The rising trend in unemployment was uninterrupted during the past 20 months. Now it has reached a level of 8.7 per cent of the work force being without work.

But the above figures of UK are somewhat misleading. Since 1987, the government had started categorising a section of seasonal workers as employed. At present the seasonal workers are estimated at 2,513,000. Of these 744000 did not find any kind of job in any season during the past one year. If these numbers are added the unemployed will account for 13.6 per cent of the work force by end 1991. Then, in February 1992, 7500 workers had further lost their jobs.

Officially reported unemployment level is highest in Spain among the EEC countries with a figure of 15.0 per cent for 1991. This is followed by 9.9 per cent in Italy, 9.5% in France and 6.4 per cent in Germany (West).

I have already referred to the large number of closures of factories and loss of jobs in USA, the reported unemployed in that country were 6.8 to 10 per cent; an all time high for the post-war period. The picture in Japan with its long record of lowest reported unemployment rates among the imperialist countries is also rapidly changing. Between October 1991 and January 1992, with the closure of three big companies 2,500,000 workers lost their jobs in Japan. The editorial of Akahata, the organ of Japanese Communist Party, pointed out on January 29 that Japanese workers working 2159 hours per year were putting in some 200 hours more compared to the American workers and 520 hours more compared to their German counterparts for the same level of earnings. In the face of increasing competition and falling profits, Japanese monopolies are trying to force even longer hours of work on the Japanese workers. The Japanese Parliament has passed a resolution to the effect that Japanese workers should give 200 hours more per year of their labour to the employers.

And the strategists of global monopolies are working precisely in this direction. Through what is called "strategic

alliances" corporate capitalism is scheming to consolidate and concentrate economic power and the global production system in fewer and fewer capitalist corporations held and controlled by monopoly capital. The strategy is to develop global production systems in which a few monopolies will retain the control by keeping to the members the rights for global marketing, research and development as well as the so called patent or intellectual property rights. The global information and data communication network has opened up such possibilities for the monopolies so that the non-essential activities can be palmed out to small or medium scale producers or even self-employed workers. Monopoly capital can thus be saved from the burden of carrying the long term liabilities of 'non-essential workmen'. The strategy is to shed as many workers as possible from the permanent rolls of the corporations and force them to sell their labour power in the so called informal labour market even on a daily basis to be exploited by small time employes and manufacturers who will be responsible to deliver cheap inputs to the big monopolies. Even the labour laws and existing social welfare schemes in countries like USA are planned to be remodelled to suit the new strategies of global capitalism.

Even though the economies of the imperialist countries have been stagnating or experiencing negative growth rates in recent years there was no let down in inflation contrary to the classical theories of bourgeois economies. UK and USA which experienced a negative economic growth rate had at the same time registered a price increase of 4.7 and 3.8% respectively in 1991. Japan had a low inflation rate of 1.4% during the eighties, but in 1991 the prices increased by 3.5%. Price increases in Germany was 4.1%, and in Italy 6.3%, and Sweden 8.2% during the last year. Even Switzerland with traditionally low inflation levels registered a 6% price rise in 1991.

The economic crisis in the developed capitalist countries is leading to an all round attack on the working class of these countries as well as in the rest of the world. The monopolists are scheming to pass on the burden of the crisis and economic stagnation on the working class through massive retrenchments, wage cuts and through inflation so that the profit levels could be maintained at a reasonable level in order to avoid collapse of

the world financial markets. They are trying to rapidly integrate the world capital market in the belief that larger and more global the financial system is, the chances of its surviving massive shocks as in the past are a little more improved. But judging from the trading frictions and political turmoils that plague the political economy of the imperialist countries such global integrations are unlikely to succeed in the immediate future.

The Three Centres of Monopoly Capital

The EEC was being talked of for almost two decades now. But it was only in recent years that the process got accelerated. The European countries are moving towards even a common European Monetary System and a common currency in the very near future. Trade barriers are being broken up and a common market for both capital and labour is being opened. The European monopolies will now be operating in a much larger economic space with over 35 crore people. As I have mentioned, US response to this was to adopt its neighbouring countries like Canada and Mexico into a common market of more or less the same size but under its hegemony. With Malaysia, Singapore, Thailand, Indonesia and South Korea, Japan has an Eastern Block in mind under its own hegemony. Even Australia and Newzealand come under its trading influence because of the geographical proximity.

The USA with its ambitions for retaining its global hegemony is getting economically weakened year after year. I have mentioned earlier that USA is trying to use its military muscle to browbeat its partners. As the sole defender of the world capitalist system it is demanding concessions after concessions from its partners. In the name of free trade and competition it is forcing Japan and the EEC to open their markets for American goods and services, while at home it continues to stick to protectionist policies and practices around the Special 301 and Super 301 statutes regarding foreign trade. While insisting on free trade it is practising the so called quota systems for restricting imports like textiles, automobiles and other products even from the developing countries. But inspite of such crass protectionist policies US industries are forced to yield to trading pressures from Japan not only in automobiles, but even

in computers.

The recent visit of President Bush to South East Asia and Australia accompanied by US business tycoons was meant for forcing its allies to open up their markets for US industrial goods and agricultural products. Even Australian Prime Minister spoke critically of the aggressive and protectionist trade policies of the USA. In Japan, Bush had to face hostile demonstrations of Japanese farmers who were intolerant of the US demand for withdrawing farm subsidies in Japan while retaining the same in his own country. What best Japanese Prime Minister could offer was to import a few thousands of US automobiles which was interpreted by the US press as an affront to the great nation. The remark of Japanese Prime Minister that US industry was backward because its workers were illiterate have added fuel to the increasing tendency for Japan baiting in the US media. To this Japanese Prime Minister's reaction was that best of American talents were utilised not in production but wasted in market speculations in the Wall Street—the US share market.

The workers in USA are increasingly demonstrating against Japanese imports and business interests there are diverting the anger of the people on racist lines. Such tendencies are evident even in Europe. Immigrant workers especially of the Third World countries are attacked by racist hoodlums in street fights.

The attempt of the financial monopolies to create a global market is creating tensions at the same time across the traditional national boundaries. Protectionism is on the upswing and trade wars are on the card inspite of the prolonged efforts made under the GATT because of the conflicting interests among the imperialist countries themselves.

The Third World and the New World Order

After dismantling of Soviet Union, the position of the Third World countries has further weakened. Though economic conflicts among the imperialist countries persist, they are united in passing on the burden of the economic crisis to the Third World countries. In fact the imperialist groupings of G-7, G-22 and the OECD etc are united in planning a re-colonisation programme for the Third World with the help of the

IMF-World Bank. The imperialists are trying to pass off the burden of crisis on the Third World countries through unequal trade and imposing strict conditionalities through the World Bank. Increasing pressure is exerted by the US to weaken the regional organisations like the Arab League and the Organisation of African Unity through the lever of economic blackmail.

The Third World countries which are yet to get relief from the backward colonial conditions are subjected to these imperialist pressures. They are burdened with a colossal debt of 1500 billion Dollars which they have to pay back to the imperialist countries or the Fund-Bank. In the case of several countries, the debt servicing obligations eat away more than 50% of their foreign exchange earnings. The new international economic order (NIEO) proclaimed by the U.N. had earlier envisaged "transfer of resources from the developed areas to the underdeveloped on the basis of mutual trust, respect for sovereignty of each others...etc." But the New World Order now being aimed at by the US and its imperialist allies is based on total negation of the above concept. Their real aim is to establish global hegemony of imperialism. The 'Bank-Fund' is being used as a major driving force to perpetuate neo-colonial domination over the Third World by the imperialists or even recolonise these backward countries. The idea of transfer of developed world's resources to underdeveloped areas is replaced with unequal competition under the so called free market economy. The IMF and World Bank are organically linked. No country can borrow from the World Bank unless it is a member of the IMF. The philosophy and policies of IMF are shaped up by the developed capitalist countries. In the power structure within IMF, US possesses a unique status. Dogmatic prescriptions of 'devaluation', 'liberalised trade' and industrial policies', 'privileged treatment to foreign capital', 'cut backs in public investment' and withdrawal of all subsidies etc are forced on the Third World countries. This approach is closely linked to the interests of the dominant countries on the Board of IMF. The IMF's decision making structure is based on a quota system which determines the voting power of the member countries. Those countries who had taken loan from IMF inspite of the World

Bank forecasts could not get out of the financial difficulties they were facing. In the case of India, the IMF's projections made at the time of 1981 loan of the total debt, interest payments and debt servicing for the rest of the decade have totally gone wrong. This failure is documented also in cases of countries like Brazil, Chile, Peru, Bolivia, Jamaica, Philippines, Somalia, Sudan, Tanzania, Lesotho, Ghana etc., some of which have already fallen into the debt trap. IMF is not oriented to tackle any of the genuine problems being faced by the Third World. It is in fact operated in a way that it is quite detrimental to the basic interests of the underdeveloped countries.

A recent study conducted by Prof. Chossudovsky of 70 countries availing World Bank loans shows that none of them could get out of the crisis and surprisingly a World Bank study of about 34 countries too, even by manipulated statistics, could not prove that the Fund Bank loan had the desired effect, other than aggravating the crisis.

Having gained upper hand thanks to collapse of Soviet Union and the set back suffered by the socialist system, imperialism led by the USA has started to intervene openly everywhere in order to impose its dictates. The devastating war waged against Iraq in the name of restoration of independence of Kuwait under the sign board of UN Security Council resolution was not only to stifle Saddam Hussein's defence, but also to maintain the American military base in this strategic oil rich area in order to exercise its suzerainty. America, inspite of the collapse of Soviet Union and the Socialist system in Europe is continuing to keep their military bases throughout the world running into thousands. Only in Philippines due to mass pressure they agreed to shift to Singapur. Iraq is not allowed to sell their national wealth—oil independently while millions of their people suffer from want of sufficient food, medicines, etc in the war ravaged country.

Though negotiations are being conducted under the aegis of United States to resolve the Palestinian problems, their attempt to weaken the PLO by encouraging Israeli attacks against Palestinian people, and to deny them a homeland is also vehemently pursued.

Libya is now under great threat of direct intervention by the US that too with the Security Council sanction demanding that they should surrender the two Libyan citizens accused by the United States as being responsible for the Air plane disaster. Thus the U.N. Security Council is becoming a mere tool for implementing American designs over other independent nations.

Indian Reforms

Dear Comrades, it is in the above context of the economic, political and military offensive of the US and other imperialist countries towards the subjugation of the Third World, the recent economic and structural reforms initiated by the Govt of India under the World Bank-IMF dictates should be viewed. The World Bank's structural adjustment means reforms in the fields of taxation, banking, public enterprises, agriculture, and the pattern of fiscal expenditure, etc. These encroach on the country's sovereignty, circumventing the Parliament and other government institutions. It is becoming evident from the steps agreed to be taken for getting the World Bank loans which are being implemented with haste by the Govt of India during the last 8 months after Mr. Narasimha Rao came to power. The Govt has been forced to lay on the table of Parliament during this session the letter addressed to World Bank dt Nov. 11, 1991 together with the conditionalities agreed to by the Government of India. The Government did not care to consult the Parliament before agreeing to the conditions and these conditions automatically restrict the govt's freedom to act independently and this compromises our sovereignty. The denial of Mr Narasimha Rao, however strong it is, cannot fool anybody.

The working class reaction against these policies have been amply projected during the November 29th all India protest strike which was a unique event in the recent history of our trade union movement. Response to strike was so wide and all embracing which even the sponsors could not imagine at the beginning. This warning signal given by the working class not only has been ignored by the Govt but they are vehemently trying to implement the conditions agreed to with the World Bank. Here I do not wish to explain totally what are the details

of commitments, but I wish to bring before you the effect of these policies in the matter of employment and certain other spheres.

In the name of ensuring globalisation of the economy, foreign multinationals are allowed a free play not only in the industrial sector but also in the financial sector too like banking and insurance. Foreign multinationals are invited to start industries in the country with 100% equity with an assured profit of 16% in the electricity sector. In other sectors too the element of equity ratio is relaxed. Many giant multinational companies of the world like General Motors are being invited to start industries in the country. The big multinational companies which are facing recession at home are now taking initiative to start industries in India using the totally liberalised set up. In this connection we must note the Prime Minister's assurances to US industrialists during his recent visit that 'there will be no more nationalisation'. The big monopoly houses are already going for big joint ventures with foreign multinationals while many of their industries facing difficulties are allowed to close down. In the banking and insurance sectors, foreign and Indian private companies are allowed to operate. The govt has decided to implement the Exit Policy by creating the National Renewal Fund. The effect of restructuring in various sectors of industrial and service sectors are now being projected. The jobs of about 10 lakh workers who are working in the 98 public sector units which are said to be sick are under question mark. Govt has recently issued directions to the department to reduce 10 percent of staff in all the govt departments in the name of restructuring. Mechanisation and modernisation are being introduced besides privatisation which will effect million of workers' jobs adversely.

The Narasimham Committee has found 3 lakh employees in the banking sector as surplus. In the Indian Railways, directives have been issued by the authorities to reduce staff strength by 4 lakhs from the present 16 lakhs. Also, recruitment in the railways have been stopped for the last 3-4 years. Partial privatisation is also being resorted to. Since the Govt. of India is not giving sufficient funds to the states for carrying on various welfare measures like rural employment etc, lakhs of workers under the state govt in different departments are beco-

ming surplus. Thus you can see that an all out attack is coming by which millions of workers are going to be thrown out of employment. So the total employment potential is going to be drastically reduced.

The policy of allowing unrestricted entry for the foreign multinational companies starting industries in various sectors will have adverse impact on the existing industries in the country. For example in the electricity sector, foreign multinationals are allowed 100% equity plus 16 percent take home profits. They are allowed to bring in their own machinery and other accessories from abroad. The electricity charges may be increased to 3 fold or 4 fold and many of our industries will be closed down because of the increase in the electricity tariff. This will affect our agricultural sector too. Today the electricity concessions given to the agricultural sector is going to be discontinued, and the high cost of electricity for the farm sector means that our agriculture will become unviable. It will adversely affect our agricultural production. Our industrial goods will become costlier and its international competitiveness may go down. Earning of more foreign exchange will become difficult. We will be forced to rely on foreign imports even in the matter of food grains of which we are "self sufficient" today. Our established capacity in BHEL etc will go unutilised and our existing industrial capacity will also go unutilised. So a process of deindustrialisation and de-skilling is going to take place. When the public sector industries are restructured and privatised, the skilled man power we have generated like managers, technicians, administrators, etc will become surplus and a process of de-skilling will also take place. In short a pre-independence scenario is going to develop.

Employment

These policies of the govt are going to reduce drastically the employment potential. The total registered unemployed today are said to be 3.40 crores. Sick industries list has increased to 4 lakhs. The resultant effect would be the loss of several lakhs of jobs. Job opportunities in the agrarian sector are also dwindling. Estimated unemployed in the rural sector were seven crores. Together with this we have to add the millions who will be added to the list by our following the World Bank-IMF

policies.

The trend of employment development is brought out in all articles by L. C. Jain. His article in the Indian Express dated 11.3.92 needs mention. After criticising the Finance Minister for keeping silent about unemployment the article among other things says :

“The ‘grim legacy’ the Finance Minister has recounted should have included the frightening trend in employment. Between 1978 and 1989, the overall employment growth rate in the economy crashed headlong from 2.8 per cent to 1.3 per cent. It is half of the growth rate of labour force! In ‘manufacturing’ the decline was from 4.7 to 2.2. And, all this in a period when the the growth rate of the economy was shooting upwards from 3.5 per cent to 5.3 per cent of the GDP. In this period, output has increased. Profits have soared. The share market is in boom. Only employment has shrunk. The pattern of production thus has steadily liberated itself from the ‘tyranny’ of labour”.

The thrust of the new policies is reduction of employment potential. THE GOVERNMENT OF NARASIMHA RAO IS GIVING THE WORKERS FREEDOM FROM EMPLOYMENT AND FREEDOM FROM FOOD. AND ULTIMATELY FREEDOM FROM LIFE ITSELF. BUT FOR THE FOREIGN AND INDIAN MONOPOLIES, INCREASED PROFIT.

For the people as a whole price rise and miseries. For the country, compromise on freedom and sovereignty.

In the economic survey presented to the Parliament just before budget it is found that the claims made by the Govt of India while implementing the new policies had the reverse effect. The figures given by the survey are as under:

Table I
Key Indicators
 (Percentage change over previous year)

	1988-89	1989-90	1990-91(p)	1991-92 (p)
Gross National Product	10.5	6.1	5.8	2.5 to 3
Gross domestic product	10.5	6.0	5.6	2.5 to 3
Agricultural Production	21.0	2.1	2.6	0.0*
Foodgrains production	21.0	0.6	3.0	-1.5*
Industrial production	8.7	8.6	8.5	-0.8
Wholesale price index	5.7	9.1	12.1	11.8
Consumer price index for industrial workers	8.5	6.6	13.6	13.1
Exports at current prices (in Rupees)	29.1	36.8	17.6	28.1
Exports at current prices (in US Dollars)	15.6	19.0	9.1	-5.0

*Anticipated (P) Provisional

The above statistics shows that the Govt policy of reducing govt investment and the devaluation of 23 per cent did not help our industrial development and also the expected exports did not rise because of the recessionary conditions prevailing in the world. In short all the projections made by Mr. Manmohan Singh in the last budget have failed to achieve and that his claim by next year everything will be fine—cannot be taken seriously

Today we find that all sections of workers are on the move for fighting back this offensive. The All India convention of Public Sector unions and Central Public Sector Unions and Central Govt Departmental Undertakings held on 5th and 6th March in Calcutta has taken a decision to go in for an All India strike in the last week of April 1992, which shows the changing mood of the workers. The new trend which is to be noted is that the class of professionals are rightly agitated against the new policies, not only because that it affects jobs but because of the govt policies which are compromising our sovereignty and independence.

The professionals in the public sector especially officers and

technicians are now organising in big movements against this policy. The Class I and II Officers of the railways are on the war path against the government's move of cutting down the capabilities of the Indian Railways. They are observing a protest day wearing black badges. The bank officers and employees jointly came out against Narasimham Committee report and its implementation. The officers of IDBI up to the level of Executive Directors organised one day protest action against the government for privatisation and dismantling of the organisation. Comrades, we have to make special note of these developments that the officers and managers of the public sector industries are now coming forward to join in the fight for safeguarding our national sovereignty together with protecting their own interests. This is a unique phenomenon.

Therefore, comrades, the situation warrants that the working class should unitedly take the lead for fighting back the policies together with the people.

Confederation of Trade Unions

Comrades, as you are aware, Com. BTR was putting forth the idea of Confederation of Trade Unions, in our 4th, 5th and 6th conferences. He was making this suggestion in order to build a national centre of Trade Union resistance against the retrograde, anti-working class, anti-people policies of the Government in order to force the government to change them.

In the 4th Conference at Madras (April 11-15, 1979) he said among other things that :

“The CITU calls upon all central trade union organisations, all organisations of employees, on Central and State Government employees and also associations of teachers and professors to join together to press for a common labour policy and safeguard the interests of all sections...

“It is our desire that all these organisations should immediately come together to take stock of the situation, present common front on the questions of demands and legislation and declare to the employer that the labour movement is one and indivisible...

“Can we not come together in a loose kind of “Confederation” or less in the form of a labour co-ordination committee to take common counsel and unanimous decisions? Is it

not time to give up the present...ad-hoc basis for unity, coming together only when attacked?...

“The trade unions, if they are to protect the interests of the workers and the country, must have a proper common policy on issues like exports and imports policies of the government, its fiscal policy and various other matters. The battle for policies cannot be carried on without continuous concerted action on the part of the trade union movement”.

In our 5th Conference at Kanpur (April 13-17, 1983) he pointed out again that :

“The CITU at its last Conference gave a call for a Confederation of Trade Union organisations for exchange of opinions and discussion of common problems.....

“A common blue print on the economic situation outlining policies to deal with the crisis, unemployment and efficient management of industries in the interest of the people will go a long way to introduce cohesion in the movement and inspire the confidence of the people.....

“The trade union movement must also express its united will to help in managing the affairs of the economy and industry on the basis of equal status. It must declare its willingness to do so to the Indian people and let them know that it is the Government and the ruling classes that came in the way of labour discharging its responsibility to society”

In the 6th Conference at Bombay (May 18-22, 1986) he again elaborated the points further that :

“Through our united actions we are expected to develop that power and strength which the ruling classes in the Government must respect and take into consideration when deciding their policies. We are far from achieving the objective of our trade union strength. We must do everything therefore to overcome our present limitations and adopt steps to ensure widening and strengthening of trade union movement...“The CITU long ago suggested the formation of a Confederation of all Central Trade Union Centres and Federations where decisions can be taken unanimously and where all issues concerning labour and the economic policy can be discussed freely. It is time that we again reiterate our proposal for a Confederation and decide to pursue it with greater vigour. Steps for immediate expansion and certain re-organisation of the National

Campaign Committee and a determined effort to *include all trade unions and federations in a single Confederation is absolutely essential for not only protecting the immediate interests of the workers but also for defending national economy, its independence and self reliance against the corrosive economic policy of the Cong (I) Government.* Signs are not wanting that day by day more and more massive resistance is coming from the employees and workers. Situation is heading towards a united massive action of the entire working class of India, if the trade union movement discharges its initial responsibility to unite the rising discontent. *The CITU must assiduously work for this grand unity of the working class which alone will enable to fight the challenge of anti-national divisive forces, the new economic policy of the Government and serve the cause of our people and national unity.* (Emphasis added)

Today the situation is far more serious. The govt has already succumbed to the pressures of World Bank-IMF dictates and they have started implementing those policies which seriously compromise our national sovereignty and freedom. What we have built during the last 40 years are going to be dismantled. In this context the working class should come forward unitedly to resist these retrograde policies and to restore the honour and dignity of the nation.

One more point which needs our special note is the recent changes in the foreign policy of the Govt. The Govt now under World Bank pressure has succumbed to the pressure of the United States and agreed to have joint military exercises with it, which has dangerous consequences. Every patriotic Indian will be surprised to note that we are becoming a "part and parcel of American global interest" which I need not say is a serious development.

It is reported in the press that Govt of India has entered into an arrangement with US for importing 1 million tonnes of wheat to India agreeing with the American Govt's condition that India will refrain from selling a small amount of surplus rice to Cuba ! Thus US effectively intervened to obstruct India from selling a small quantity of rice to a friendly country. India and Cuba are independent nations. Both of them can enter into any kind of trade without any legal difficulty whatsoever. But the Govt of India meekly submitted to the American pressure.

This too goes to show that India's freedom is being compromised in a bigger way than what we see outwardly.

The President in his Republic Day message said among other things that : "If we are to emerge from the crisis, a moratorium should be declared voluntarily at the national level for at least two years on all bandhs, strikes and lock-outs or any other activity such as "go-slow" and "work-to-rule" which impedes economic development. This is a duty which we owe to our own children and progeny"

Though the President said that the workers should give up their right to strike and agitation voluntarily, but the govt is out to attack the democratic rights of the working class which can be seen from the decision of the govt to take away the right to strike of hospital employees and employees of educational institutions. They are also going to remove the hurdles for retrenchment and closures of industries by changing the Industrial Disputes Act. Together with this we have to note the statement made by Shri Ashok Desai, Economic adviser to the Govt of India that "permanency of employment should not be there" which is creating hindrances for industrial growth. So comrades, the situation is far more serious than the period of our 6th Conference.

And therefore, I am requesting you to discuss this proposal for the formation of Confederation of Trade Unions to entrust CITU Secretariat to take required steps without delay. This is an important task which can be fulfilled.

Lastly, I wish to remind you that the CITU's responsibilities have increased. We have to take the lead in the fight for protecting the interests of the workers as well as the nation.



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