



# THE WORKING CLASS

MONTHLY JOURNAL OF THE CITY

## EDITORIAL

### THE UNION BUDGET

The Union Budget for 1995-96 placed by the Finance Minister on 15th March gives a clear reflection of an adamant pursuit of the new economic policies under commitment to the troika of IMF-World Bank-WTO. The Government has taken the country further deep into the diabolical path of liberalisation and globalisation in the name of so-called social development and free trade.

Reduction of import duties across the board is the single indicator to facilitate unbridled penetration of the transnationals in all sectors of Indian economy, exposing the domestic industries to unequal competition and get sick in the process. The small relief in excise given in some items is only to dupe the gullible because it will neither help the domestic industries to stand on equal footing against the giant transnationals, nor will it percolate down to the consumers to reduce prices. Further, by allowing five year tax holiday for the vital infrastructural sectors like express roads, communication, bridges, ports, airports, power, water, etc, the government has fit in the budget perfectly with the philosophy of market economy of the IMF, calling upon the consumers to pay for the rising costs according to international market force, and forcing the domestic industries to further lump into recession. The process of deindustrialisation of the domestic sector will therefore be accelerated.

The government has in fact washed its hands off from national planning and its social responsibilities towards the people. This is evident from the fact that planned expenditure is being progressively reduced and the non-plan expenditure is being increased, bestowing the country's national planning and so the economic sovereignty to the international imperialist agencies.

Whatever increase has been made in several allocations, in real terms will be eaten away by inflation,

which has stuck to a double digit figure. Our Finance Minister, supposed to be one of the economic luminaries of the world could not say a word as to how the inflation will be brought down and so also the fiscal deficit. He has only expressed the pious hope to do so. But the common people from their experience can see that they are going to be fleeced by inflation and spiralling prices, the first dose of which has already been given by the Rail Budget. Fiscal deficit likewise is going to stay and cannot be brought down. It is reprehensible that under an IMF-tutored sovereign policy the Finance Minister has proposed to further sell off the public sector shares to the tune of Rs 7,000 crores to reduce the fiscal deficit, but did not say a single word about the thousands of crores of rupees taken away through scams. Administered price rise is the only weapon left with the Government, but against which the Finance Minister has given no guarantee. It has been camouflaged because election is round the corner.

The Finance Minister has boasted about the growth of GDP and linked it with the creation of millions of jobs. What a blasphemy by a pious economist! Even a cursory glance over the Government's own Economic Surveys of the last eight years will show that while the average annual growth of GDP for the four years before the new economic policies (1987-88 to 1990-91) was about 6.7 per cent, the average annual growth of GDP for the four years after the new economic policies (1991-92 to 1994-95) has been about 3.7 per cent only. Similarly the average industrial growth for these before and after the four year periods has come down from 8.6 per cent to 3.0 per cent and that of agriculture from 6.4 per cent to 2.1 per cent.

Unemployment which has already risen from 34 million to 38 million during the last four years, will be all-pervasive in the coming years. As estimated by

the Planning Commission, it will be 94 million by 2002. This is the result of the Structural Adjustment Programme in pursuance of globalisation. No employment generation, but on the contrary loss of tens of thousands of secured jobs by closures and engineered sickness. The Finance Minister has said not a word about the sickness, nor has granted any money to revive the sick units, although guarantees and counter guarantees have been given to the transnationals to cause so-called industrial revolution in India. He has triumphantly declared that crisis of the Indian economy has been smoothly overcome. Nero fiddles while Rome burns! The monopolists and the transnationals profit, while each family is plagued with unemployment. The great economist does not realise that the galloping unemployment coupled with the high rated inflation will smash the national economy hurling him into the dustbin.

Let alone the work force, what a bleak future he has created for the students, youth and the growing women job seekers. The rural sector and the vast unorganised sector that comprise 90 per cent of the work force will be worst hit. There is no talk of genuine land reforms. The poor peasants and the agricultural workers are already marginalised. Moreover these vast sectors also have been thrown open to the ruthless exploitation by the transnationals. It is high time that the working class and all the mass organisations of the students, youth, women, peasantry and agricultural workers should rise up to the occasion and demand right to work and unemployment allowance.

The Finance Minister has further boasted about the 19.5 billion dollars of foreign exchange. But this

is again to fool the gullible only. The major part of this foreign exchange consists of speculative hot money, and not from export earning. He also boasts of increased exports. But he hides the fact that imports are higher than exports. So the BoP crisis continues and is destined to remain so because of the IMF imposed policy of liberalisation and increased protectionism by the rich North. The GATT treaty has tilted the rules of the game heavily in favour of the North and the pressure for inclusion of the social clause in multilateral trade is a device for neo-protectionism and to impose sanctions on exports from the third world countries. The way the Government is surrendering to their pressure step by step, the latest being the amendment of the Patent Act, can there be any guarantee that it will withstand this pressure? When it has accepted the policy of globalisation of economy and wedded to the philosophy of loans, there cannot be any guarantee. India's external debt has crossed the colossal figure of 92 billion dollars. The amount of repayment has crossed the amount of borrowing. The debt service ratio is around 30 per cent, crossing all limits of prudence. Thus India is virtually in debt trap. But still the Finance Minister is singing to the tunes of IMF and is silent on how to come out from this debt trap. He refuses to take lessons from Mexico, because he is committed to take lessons from IMF and World Bank.

With the budget therefore the government has further dragged the country into the neo-colonial net of imperialism assuring its mentors that their dictated policies are irreversible. The working class and its allies must answer that their struggles also are irreversible.

## **CENTRAL BUDGET DOES NOT GIVE RELIEF TO WORKING CLASS AND THE POOR**

*The Secretariat of the CITU has issued the following statement to the press:*

The Central Budget for the year 1995-96 is a deceptive budget since it has been prepared with an eye on the forthcoming elections. Whatever apparent measures announced for the poor are only vote catching gimmicks without giving any relief to the common people of the country.

The inflationary spiral will continue unabated despite budgetary provisions in view of the increase

in the freight charges in the railway budget and increase in the administrative prices of several commodities. The so call relief in enhancement of exemption of income tax limit does not give real benefit because the increase is limited to compensate for the price rise that has taken place during the last year. The expected announcement of enhancement of the ceilings in the Payment of Bonus Act does not find a mention in the Budgetary proposal. It is also silent on the long pending DA formula on slab system for the public sector workers.

The Budget has apparently brought down fiscal deficit by relying on disinvesting the public sector assets which will considerably reduce the importance of public sector in the national economy. It fails to provide any funds for revival of sick units or for modernisation and expansion of public sector industries.

Dr. Manmohan Singh's budget provides some plans for social developments but they will all be implemented through the bureaucratic administration which will not reach the people for whom the benefits are meant.

The cut in import duties on items produced in India will find Indian industries in difficult position to compete with foreign companies. The OGL scheme for some items will also put the small scale industries in a vulnerable position in our own domestic market. These concessions to multi-national companies is to suit the World Bank-IMF conditionalities to open up Indian market for their products.

One of the disturbing features of the Budget is that

it does not provide any funds for public investment in industrial development which would ultimately slow down the process of industrial development and generation of employment.

Despite promise of more outlay on education the Budget has allotted more funds for technical education giving less emphasis on primary and secondary education. With the emphasis of the Human Resources Development Minister on privatisation of education, the Budget will result in denial of right of education to huge poverty stricken people of our country.

The enhancement of duty on cement will result in disincentive to housing construction programmes of the middle class and the poor people.

The Budget may appear to be populist from outside but in practice it does not offer much relief to the needy poor. As a result of this the poverty and unemployment will increase all over India and therefore the Budget will not tackle these two most crucial problems facing the country.

## CITU CONDEMNS ANTI-PEOPLE RAIL BUDGET

*The Secretariat of the CITU has issued the following statement to the Press:*

The CITU denounces the Rail Budget proposal for 7% hike in freight charges of all commodities which will further fuel the flame of inflation which is already at a double digit level with sky rocketting of prices of essential commodities. CITU also condemns the proposal for drastic increase in passenger fare particularly for Suburban Services imposing enormous burden on the commuters.

Announcement of quite a number of new trains has perhaps been made with an eye to the possibility of mid-term elections. Budget however shows scant attention to adequate increase in necessary infrastructure like coaches and specially of tracks. Increase in trains without corresponding increase in coaches and track will on one hand aggravate the existing condition of overcrowding in trains and on the other hand congestion track leading to frequent disruption in service.

The increase in plan size compared to current years is more apparent than real in view of the double digit inflation. As far as budgetary support is concerned, since in money terms it is pegged at current years level, in real terms it is lower than current years. What is worse is that in spite of disapproval of experts and others including the Parliamentary Standing Committee large amount will continue to be spent on gauge conversion while other really important areas like track expansion and rolling stock are starving. All this will deepen the crisis of the railway transport in the country.

The announcement regarding involvement of workers in management is obviously without substance and the real intention is somehow to make a show of involvement of the unions in the railways plan to reduce staff strength and privatisation.

The budget combines pre election gimmick with the Fund Bank line of putting railways on commercial basis without regard to needs, hopes and aspirations of the people.

# NO CONCRETE MEASURES TO END POVERTY AND UNEMPLOYMENT

M K PANDHE

Representatives of 190 countries including Heads of the States of over 80 countries could not chalk out firm measures to end poverty and employment in the world despite tall talks made at several international fora in the recent past. The draft finalised by the Preparatory Committee failed to propose concrete measures to solve these crucial problems facing humanity. The negative attitude adopted by the advanced capitalist countries as well as the World Bank and the IMF was primarily responsible for the lack of firmness in the final declarations adopted by the World Summit for Social Development held in Copenhagen from 6 to 12 March 1995.

The UN statistics frankly admit that 83 per cent of total resources in the world are appropriated by top 20 per cent of the population on the globe while the bottom 20 per cent of the world population is living on only 3 per cent of the world resources. This growing inequality has been brought about by the trade relations between the developed capitalist and developing countries while the so-called globalisation only seeks to perpetuate this inequality round the world.

According to a UNESCO study, the average per capita GDP of the industrialised countries was 44 times the average for the least developed countries (US \$ 16,159 as against US \$ 369). However in 1991 the figure was about 59 times higher (US \$ 20,309 as against US \$ 349). Thus while the inequalities increased phenomenally during these 11 years the per capita GDP for the least developed countries actually declined by about 7 per cent in US \$ terms. It is sheer hypocrisy for the advanced capitalist countries to talk of social development when their policies have resulted in pauperisation of the people in the least developing countries. There is no wonder that the debt/GDP ratio for the least developed countries increased from 55 per cent in 1982 to 63 per cent in 1991. The world situation was demanding a drastic change in the policies of the advanced capitalist countries who were pressurising the least developed countries in the world to accept their conditionalities so that the pauperisation of the people can be further accelerated. The draft finalised by the Preparatory Committee in New York in the middle of January was insistance of the advanced capitalist countries.

The previous world summits made several pious declarations but none of them were implemented by the advanced capitalist countries. A decade old assurance that 0.7 per cent of the GNP would be given by the advanced countries and overseas developmental assistance has not

been implemented by most of the advanced countries. People were therefore skeptic about the outcome of this summit too. An opinion poll conducted by some Danish organisations on the eve of the Social Summit revealed that only 15 per cent of the Danish people believed that the summit would be successful in tackling the problems of social development in the world.

The absence of President Clinton, Prime Minister Major and President Yeltsin from the summit indicated the lack of seriousness on their part towards the task of social development.

## MASSIVE PUBLIC RECEPTION TO CASTRO AND MANDELA

The only world leaders participating in the summit who were given public reception in the city were Fidel Castro and Nelson Mandela. The organisers wanted to hold a public meeting but the Government did not grant permission on security grounds. Nearly 4 thousands tickets were sold in 3 days time. Yet thousands of people had to observe the programme on a television screen from outside the hall.

AITUC general secretary A B Bardhan and myself were deeply impressed by the enthusiastic welcome given by the people of Copenhagen to these great world leaders. When Castro condemned the US blockade there was loud protest from the entire audience showing the deep sentiment prevailing among the population. We found in the entire Scandinavian countries Fidel Castro has been extremely popular. During the days of summit International Herald Tribune published a statement of French President Mitterand castigating the US embargo on Cuba while his wife made a statement in Copenhagen "It is the greatest international injustice I have ever seen."

Both Castro and Mandela strongly criticised the policies of the advanced capitalist countries who were primarily responsible for the world's poverty and unemployment. Their speeches were well received by the delegates from the third world countries.

Several heads of the states from the third world countries demanded drastic reduction or cancellation of the debt burden without which according to them no social development in the world would be possible.

The leaders of the advanced countries, however, reiterated their formal commitment to the task of eradication of poverty and unemployment but did not propose any concrete measures regarding cancellation of debts. It was only the governments of Denmark and Austria who announced

during the summit that they would write off all the debts given to the third world countries as a token of their commitment to the process of social development in the world.

US Vice President Al Gore speaking in the world summit, while explaining the so-called new initiative made a statement, "Under this initiative, the United States Agency for International Development will be channelising 40 per cent of its development assistance through non-governmental organisations, both US based and indigenous." This would give a handle to CIA and US government to funnel funds through their agencies in the developing countries and grossly interfere in the sovereignty of these countries. This dangerous proposal must be opposed by the people of Third World countries.

Hillary Clinton, the first lady from US announced on behalf of US Government a provision of \$ 100 million in ten years to prevent drop out of young girl children from schools. Many delegates characterised this offer as a drop in the ocean and would not reach the poor girl children.

### INAUGURATION IN A LOW KEY

UN Secretary General Boutros Boutros Ghali while inaugurating the Social Summit on 6th March at Bela Centre, an exhibition and commercial complex in the suburbs of Copenhagen, had to confess: "As we celebrate our 50th anniversary we should ask ourselves how seriously we have taken our charter seriously." He was referring to the UN charter which enjoins upon UN the responsibility to improve the social and economic well-being of the people the world over. Ghali admitted that despite thousands of UN resolutions about 1.3 billion people in the world still continue to live in absolute poverty and on the edge of starvation.

The Earth Times published in cooperation with New York Times during the period of Summit pointed out on 7th March that there was no applause during the speech of UN Secretary General's speech and only a brief round of hand clapping at the end of the speech was witnessed. The summit thus started with a low key and many speeches were repetitive almost emptying the Hall of the main summit, except perhaps some important speeches made by certain world leaders.

### THE NGO SUMMIT

The NGO Summit was attended by over 5000 delegates representing about 2500 organisations. Though some of the NGO's were funded by foreign agencies and have no social roots in their countries several social organisations participated in the NGO Summit. The stall organised by NGO's in Cuba was perhaps among the best attended stall by the participants. The stalls from Nicaragua, World Peace Council and Africa were also patronised by a large number of visitors. The Communist Party of Iraq, The Tudeh Party of Iran had also stalls in the Global village planned for the NGO Summit.

Several seminars were organised during the summit as

questions like child labour, home based women workers, blockades by US in various parts of the world, imposition of structural adjustment programmes on the third world countries, unemployment, cultural degradation due to Western offensive on national cultures, Freedom of Association and TU Rights, women's movement against social oppression and many problems of social interests were discussed.

During NGO summit a good demonstration was organised against the criminal activities of the IMF and the World Bank by left wing youth from Denmark. The Communist Party of Denmark and other left wing groups in Denmark organised an impressive demonstration and rally to protest against the conditionalities of the IMF and the World Bank.

On 8th March several women's organisations organised demonstrations during the NGO summit and they received enthusiastic support from women all over the world.

The reactionary organisations in different parts of the world had also programmes during the summit to propagate their views. Organisations like Anand Margi, etc had their programmes while several foreign funded NGOs from India joined the reactionary conglomerations. However majority of the NGOs were from organisations having some social roots, which was clearly reflected in different discussions during seminars organised as a part of NGO Forum. Several cultural groups also joined the summit opposing the decadent culture prevailing in Western world.

The growing awakening among the women all over the world was clearly reflected in the fact that half the number of delegates participating in NGO Forum were women. However it would be wrong to underestimate the attempts made by foreign vested interests to penetrate among the NGO and create a lobby to suit their interests. The lobby was clearly seen when the left movements were made targets of attacks by some of the foreign funded NGOs.

### DENIAL OF REPRESENTATION TO TUS

Despite recommendations by the Union Labour Ministry to include 5 representatives of Central Trade Unions including CITU, the Prime Minister's Office included only the INTUC representative in the delegation. The CITU had to protest against the arbitrary decision of the Govt of India. The 57 member Indian delegation included 5 MPs belonging to the ruling party only. The entire delegation was packed with bureaucrats particularly from the PMO Secretariat.

In preparing the National Report to the World Summit the Govt of India did not consult the opposition parties or the trade unions and one sided picture was presented to the world. This partisan approach of the Govt of India in dealing with the problem of social development itself shows the lack of seriousness on the part of the govt to tackle these most pressing problems facing our economy.

United Nations Development Programme (UNDP) sponsored my delegation to the NGO summit while A B Bardhan was included in the WFTU delegation. On reach-

ing Copenhagen I was also included as a member of the WFTU delegation. Hence I could also attend the proceedings of the official summit.

### **THE DECLARATION AND PROGRAMME OF ACTION OF THE SUMMIT**

The official Declaration of the Summit runs into 90 pages but it does not forthrightly come forward with any concrete proposal for elimination of poverty and unemployment. It is full of noble sentiments and pious wishes but does nothing to reduce economic inequalities prevailing all over the world. On the question of poverty this is what the Declaration has to say, "The eradication of poverty requires universal access to economic opportunities which will promote sustainable livelihood and basic social services, as well as special efforts to facilitate access to opportunities and services for the disadvantaged. People living in poverty and vulnerable groups must be empowered through organisation and participation in all aspects of political economic and social life and in particular in the planning and implementation of policies that affect them, and thus enable them to become genuine partners in employment."

Such empty words will not give any relief to the poor despite preparation of so-called time bound programmes at the national level.

Regarding the unemployment question the Declaration is writing in the same tone: "Full and adequately and appropriately remunerated employment is an effective method of combating poverty and promoting social integration. The goal of full employment requires that the state, the social partners and all other parts of civil society at all levels cooperate to create conditions that enable everyone to participate in and benefit from productive work. In the world of increasing globalisation and inter-dependence among countries, national efforts need to be buttressed by international cooperation."

The Declaration is full of such platitudes without any positive measures. If it is read along with the GATT and the formation of WTO one can easily note that the poverty and unemployment in the world is bound to increase in the forthcoming decade. The Declaration does not visualise any alteration of the structural adjustment programme imposed by the IMF and the World Bank which will only make the situation worse for the people in the third world countries. Even the working class in the advanced capitalist countries has started feeling the pinch of these reforms and have suffered greatly due to withdrawal of social benefits won over a period of several years through hard struggles.

The Action Programme in the Declaration has taken note of the relentless struggles launched by the working class of the former socialist countries in the recent past and has accepted the following commitment:

"Reinforcing the capacities of the governments, the private sector and civil society in the countries in transition, with a view to helping them in the process of transforming their economies from centrally planned to market economies."

Thus the concept of bolstering the governments in former socialist countries to introduce market economy will be one of the goals of social development. Such proposals will only bring more conflicts in the former socialist countries.

The Official Declaration despite so much fanfare and publicity will not materially alter the world situation regarding poverty and unemployment and people in the third world countries will have to carry forward their struggle with more determination against the IMF and the World Bank dictates.

### **DESPICABLE ROLE OF INDIAN GOVERNMENT**

The Government of India, instead of using the opportunity to mobilise the third world countries against the advanced capitalist countries adopted a policy of compromise with the international monopoly capital. External Affairs Minister Pranab Mukherjee and Prime Minister P V Narasimha Rao made routine speeches which failed to attract the attention of any one during the Summit. No local newspaper made even a mention of their speeches. Though Chief negotiator of the Government of India Venugopal found the attitude of Western countries negative he was trying during negotiations to compromise with the Western powers.

Several heads of the states from Asia, Africa and Latin America sharply criticised the policies of the IMF and the World Bank but the Indian Government was attempting to appease them and ambivalent position was expressed by the Indian delegation during the Social Summit. Indian delegation was making a clear attempt of distancing itself from the third world countries which only brought down its prestige as one of the leaders of non-aligned movement.

### **ICFTU GAME FOILED**

The International Confederation of Free Trade Unions (ICFTU) wanted to bring in the concept of social clause in the GATT as a pre-condition for social development in the world. This social clause, apparently is meant to benefit the working class of the developing countries, actually becomes an instrument to impose sanction on the products of the third world countries by the advanced capitalist countries. The ICFTU however could not pursue the proposals in view of the opposition by some of the constituents of the ICFTU itself. In a meeting convened by the ILO Workers Group of the delegates participating in the World Summit on 8th March this aspect was not raised.

Several delegates participating in the Workers Group meetings criticised the IMF and the World Bank for the conditionalities they are imposing on the third world countries. On behalf of WFTU its General Secretary A Zharikov gave a suggestion to have follow up action of summit so that the task of eliminating the poverty and unemployment can be reviewed from time to time and suitable measures can be suggested at the global level.

## THE ALTERNATIVE DECLARATION

The NGO Summit during the World Summit for Social Development concluded that the advanced countries had to accept some changes in the draft prepared by the Preparatory Committee and that the final draft failed to meet the aspirations of the people all over the world. The NGO summit therefore adopted an Alternative Declaration expressing its opinion on issues facing the world. "The economic framework adopted in the draft documents" the alternative Declaration states, "is in basic contradiction with the objectives of equitable and sustainable social development. The over-reliance that the documents place on 'unaccountable open market forces' as a basis for organising national and international economies aggravates, rather than alleviates, the current global social crisis."

The Alternative Declaration further points out, "The dominant neo-liberal system as a universal model for development has failed. The current debt burden of dozens of countries is unsustainable, as it is draining them of the resources they need to generate economic and social development. Structural adjustment programmes imposed by the International Monetary Fund and the World Bank have consistently undermined economic and social progress by suppressing wages, undermining the contributions and livelihoods of small producers, and placing social services, particularly health care and education, out of reach of the poor."

Highlighting the concentration of economic, technological and institutional power in the hands of few transnational corporations and financial institutions the Alternative Declaration continues, "It leads to an unequal distribution in the use of resources between and within countries and generates social apartheid, encourages racism, civil strife and war, and undermines rights of women and indigenous people."

Rejecting the notion of reducing social policy in developing countries to a social safety net the Alternative Declaration states, "Social development can only be achieved if all human rights—civil, political, economic, social and cultural—of all individuals and peoples are fulfilled. We believe that the Summit documents fail to recognise adequately the primacy of human rights as a pre-requisite for a participatory and meaningful social development for all sectors of society."

The Alternative Declaration further noted, "Militarisation creates enormous waste of human, natural and financial resources. It causes further inequality and pauperisation of political and social violence including violence against women."

The Alternative Declaration, therefore, called for full equality to women, self-reliance, full participation of people in social development, control over transnational corporations, education for all, genuine agrarian reforms, development, sustainable employment programmes in full consultation with trade unions, governments in developing countries to regulate the market and take fiscal and legal measures to combat inequalities among the people etc.

At the international level the Alternative Declaration emphasised among other things, immediate cancellation of bilateral, multilateral and commercial debts of developing countries without the imposition of structural adjustment conditionality, and the interference of the World Bank and the IMF in the internal affairs of sovereign states, distribution of income and wealth both between and within countries leading to a democratisation of consumption, curbing lavish luxury goods, economies and redirecting resources towards the production of essential consumer goods and social services, prohibition of monopolistic structure and behaviour by introducing code of conduct for TNCs, introduction of 0.5 per cent tax on speculative foreign exchange transactions and the revenue to be utilised for social development, governments to realise that existing power relations do not permit the realisation of these goals.

"We the representatives of civil society call upon the governments and political leaders to recognise that the existing system has opened the most dangerous chasm in human history between an affluent overconsuming minority and an impoverished majority of mankind in the South and also increasingly in the North. No nation so dramatically divided has ever remained stable no frontier or force can withstand the despair and resentment that a failed system is now actively generating," the Alternative Declaration asserted.

In the end the Alternative Declaration called for forging a common understanding and strategy for the lasting improvement of mankind and nature.

As a result of the forthright stand taken by Li Pen, Prime Minister of China, Fidel Castro, President of Cuba, Nelson Mandela, President of South Africa, Cheddi Jagan of Guyana and some of the leaders of Asia, Africa and Latin America, the draft of the preparation committee was amended and some commitments had been given by the advanced capitalist countries. However, the basic character of the Draft Declaration remains unaltered. If the Third World countries would have asserted effectively, more pressure could have been brought on the advanced countries. Some of the Third World countries due to their acceptance of conditionalities of the IMF and the World Bank failed to place the view points of the people in the third world.

However, whatever new commitments given by the advanced countries will remain unimplemented as in the case of past declarations adopted in the world forum.

It is only through a powerful peoples' movement in all the developing countries of Asia, Africa and Latin America that a real development of social development in the world is possible. These popular movements must be directed against the transnational corporations who are the main obstacles in the process of social development. The Alternative Declaration adopted at Copenhagen provides such a basis of popular movement. Mass movements in all the developing countries should make these issues of social development as foremost tasks which alone will lead to elimination of poverty and unemployment in the world. □

# CONSUMER PRICE INDEX NUMBERS FOR INDUSTRIAL WORKERS

(BASE 1982 = 100)

Centre	Linking factor for Old Base		Pune	309	311	—	
	Dec.,94	Jan.,95					
			Sholapur	300	302	5.03	
			Barbil	274	272	5.00	
			Rourkela	259	254	3.59	
			Amritsar	268	268	5.19	
			Ludhiana	268	268	—	
All India	289	289	4.93	Ajmer	289	291	5.01
Gudur	296	282	4.33	Jaipur	277	279	5.17
Guntur	290	287	5.60	Coimbatore	290	289	5.35
Hyderabad	266	276	5.23	Coonor	312	311	4.80
Visakhapatnam	275	276	—	Madras	308	310	5.05
Warrangal	291	287	—	Madurai	302	301	5.27
Doom-Dooma Tinsukia	266	262	4.05	Salem	308	305	—
Guwahati	292	291	—	Tiruchirapally	325	319	—
Labac-Silchar	263	258	3.96	Agra	271	274	—
Mariani-Jorhat	277	276	3.95	Ghaziabad	277	277	—
Rangapara-Tezpur	283	279	4.29	Kanpur	284	285	4.69
Jamshedpur	268	265	4.68	Saharanpur	281	284	5.06
Jharia	251	245	4.63	Varanasi	299	297	5.12
Kodarma	258	255	5.43	Asansol	273	268	4.77
Monghyr	276	274	5.29	Calcutta	291	288	4.74
Noamundi	265	262	4.58	Darjeeling	265	262	4.55
Ranchi-Hatia	275	275	—	Durgapur	300	297	—
Ahmedabad	286	287	4.78	Haldia	296	303	—
Baroda	286	286	—	Howrah	306	303	4.12
Bhavanagar	298	298	4.99	Jalpaiguri	259	257	4.16
Rajkot	281	284	—	Raniganj	261	258	4.40
Surat	299	300	—	Chandigarh	283	281	—
Faridabad	275	278	—	Delhi	307	308	4.97
Yamunanagar	271	277	5.53	Pondicherry	345	324	—
Srinagar	284	293	5.47	<u>Additional series of Labour Bureau</u>			
Bangalore	290	292	5.66	Kothagudem	291	289	3.25
Belgaum	297	303	—	Himachal Pradesh	280	279	3.75
Hubli-Dharwar	290	296	—	Bhilwara	305	304	3.20
Mercara	292	288	—	Chindwara	295	292	2.59
Alwaye	291	295	5.19	Tripura	285	280	4.37
Mundakayam	299	301	—	Goa	317	325	3.40
Quilon	304	306	—				
Trivandrum	311	315	—				
Bhalaghat	285	281	5.24				
Bhilai	260	256	3.49				
Bhopal	300	300	5.46				
Indore	297	297	5.18				
Jabalpur	306	303	6.41				
Bombay	314	320	5.12				
Nagpur	298	299	4.99				
Nasik	308	306	—				

**Note:** Figures on old base can be obtained by multiplying the Index Number on New Base by the linking factor given and rounding off the result to nearest whole number.

—Dash denotes new centres under 1982 series,

# CITU'S Unqualified Support to Central Employees' Demand for Wage Parity With Public Sector

In the course of reply to the questionnaire issued by the Fifth Central Pay commission the CITU has forcefully refuted the arguments cited by the commission against reasonable increase in central employees' wages. It has upheld the principle of wages ensuring decent living for the workers with need based minimum as the starting point, and has given stout support to the central employees' demand for wage parity for the time being. The text of CITU's memorandum is published below:

## Some General Remarks:

The Centre of Indian Trade Unions(CITU) considers it a gross injustice that the system of periodical wage revision through collective bargaining at regular and reasonable interval as available to the workers and employees of rest of the organised sector is not available to the Central Government employees. It is also deplorable that even the Pay Commissions on the recommendation of which Central Govt employees' pay structure is revised have so far been constituted at long intervals of 10 years or more and that also only after prolonged agitation by the employees.

The difference between public sector and govt wage is the measure of the resulting deprivation of Government employees. The CITU is of that considered opinion that like other workers and employees in the organised sector the system of regular periodical wage revision at reasonable interval should be available to the employees of the Central Government also. However the Fifth Pay Commission has been constituted in terms of an agreement between the government and major employees' organisations and views of different sections of the population have been invited.

We however propose to deal with the questions on a selective basis, touching only those which involve broader issues. As for those which concern the details or the technicalities specific to central govt employment, only the organisations of Central employees are competent to tackle them effectively and they must have already done their job.

Before taking up the questions separately for reply we would like to offer a few general remarks. It has been necessitated by the Commission's gen-

eral approach as revealed in the statement entitled "Some preliminary observations" prefacing the questionnaire. Besides a number of points made therein also demand some attention.

It has been disappointing to note that the prefatory statement is heavily loaded against the employees hopes and aspirations. A formidable-looking array of arguments have been presented in the statement which are essentially ranged against any idea of appreciable improvement in the wage structure of Central employees. Although the arguments have not been presented as the Commission's own, but the manner of presentation itself gives rise to the fear that the Commission is somewhat favorably disposed to them.

Apparently, the context in which the Pay Commission was set up has failed to receive due consideration. It is therefore necessary to briefly recall the background which led to the appointment of all earlier Pay Commissions as well as the present one.

In the organised sphere of employment, in both public sector and private, a system of periodical wage revision based on principles of collective bargaining obtains. Every 3-4 years employees in those sectors reach agreement with the employers generating substantial increase in pay. The rationale of this system which has been working satisfactorily for decades is not difficult to see. In a world where uninterrupted rise in prices, constantly eroding the real wages of the workers due to inherent deficiency in the compensatory system, and where development in socio-economic conditions everyday gives rise to new needs, regular wage increase only is not just to protect the real wage, but increase in real wage itself to meet the new needs becomes inevitable like a natural phenomenon. In the case of Government employees in our country, wage revision does neither come automatically nor at interval of 3-4 years, as in the rest of the organised sector. In their case wage revision has so far taken place on the basis of recommendations of the four Pay Commissions set up earlier at inordinately long intervals of 10- years or more and that too only in the wake of agitation by the employees. The present Commission has also come ten years after the Fourth Pay Commission as a part of the agreement that was reached in the wake of agitation which

culminated in decision for indefinite strike by the employees to press their demand which essentially was the demand for pay increase. Agreement averting the strike was reached on tacit but unambiguous understanding that a Pay Commission would consider appropriate increase in wages. It is a pity that the prefatory statement gives the impression that the Commission may not be having the same understanding possibly because the resolution on setting up of the commission is not explicit on the point. However, it should be clear from the above account that *the task of the Pay Commission is to consider, examine, decide and recommend appropriate increase in workers' wages, rather than, if we are excused for saying so, carrying out a search for arguments against wage increase.* The CITU hopes the Commission will give due consideration to this central issue.

As regard the various points raised in the statement, the CITU humbly expresses its disagreement with the view that "liberalisation, freer play of market forces" etc have generated "high expectation" among the employees. On the contrary, the government policy has actually generated serious apprehension among the common run of Central employees regarding security of their own job and employment prospect of their sons and wards. Therefore pitching of their demands high on this account is out of question. We understand the demands put forward by the organisations representing the bulk of employees are based on usual consideration, they have repeated their demand for parity with public sector wage.

It is also to be pointed out here that they have been consistently demanding parity with public sector over the years. Comparison with private sector wages did never figure in their wage demand during the past couple of decades. Therefore repeated mentioning of private sector in the prefatory statement does not have much relevance as far as the overwhelming majority of central employees are concerned. In this connection it is also to be pointed out that insecurity that once prevailed in private sector, no longer haunts the private employment today, thanks to various laws of the land which the workers have succeeded in getting enacted through prolonged efforts. Therefore care should be taken to avoid chances of overestimation of private sector insecurity in case of comparison.

The Commission has thought it fit to refer in the statement to the views of "some" who hold that the compensation packages and "invisible" benefits

available to the govt employees are even now excessive in relation to their job demands and responsibilities. We would like to submit in this connection that the terms of reference have unequivocally entrusted the Commission to examine the compensation at present available to the Govt employees. We believe the Commission is supposed to examine not only the visible but also the invisible elements of govt employees' compensation. The Commission will soon be in a position to ascertain truth about the matter, in the course of examination of relevant data which will be available to it in abundance.

"Millions who live below poverty line" have long been in use as an argument against Government employees' demand for increased remuneration. It is now quite old and has got shop soiled. The hollowness of this agreement has been thoroughly exposed in the past and it is difficult to believe that it can be referred to even today by any responsible quarters. The Commission certainly need not be told that overwhelming majority of our poverty stricken people belong to rural areas and the first precondition for alleviation of their poverty is a thorough going genuine agrarian reform. Criminal lack of political will of the concerned authorities is responsible for the reform not being effected. Rather, the political will of the Govt. is consciously directed against them. It is again the refusal of the Government to enforce need based minimum wage that has left millions of urban unorganised workers below poverty line. Yet some people link this question with govt employees wages for no other reason but deceiving the gullible and in an absurd attempt to range the vast multitude of poor people against the workers and particularly the govt employees. We reject this argument lock, stock and barrel.

"Country can ill-afford the luxury of extending further *concessions* to its employees" - though referred to as "feeling in certain quarters," it is unfortunate that expressions so derogatory to Govt employees have found place in a document produced and circulated by a learned body like the Fifth Central Pay Commission. The Govt employees are not beggars that it will be anybody's luxury to give them alms. What they demand is certainly not concession, they demand what they consider legitimate remuneration for the service they render not to any individual or a group of individuals but to the country of which they themselves are also part and parcel. It is audacity to speak of "luxury" and "concession" which smack of a feudal attitude. We condemn such expression and hope that it will have no influence over the perception

of the august body.

"The cascading effect" argument is also another old weapon in the arsenal of those who are opposed to giving the govt employees a chance to have a decent living. As is well known, recurring demand for wage increase is rooted in the totality of the socio-economic conditions. We have already referred to the more direct factors provoking recurrent demand for wage increase. It will be futile to think that there will not be any demand for wage increase from among the state govt employees and others mentioned in the statement if wage freeze is imposed on Central employees. It is also to be noted that it is not the higher wage level obtaining in public sector that had inspired the Central employees to demand higher wage. Central govt employees had been demanding need based minimum wage according to 15th ILC norms. They have actually lowered down their demand when they shifted to the demand for parity with public sector.

Capacity to pay is another vexed question to which there is implicit reference in the statement. It is to be noted here that the bogey of capacity to pay has been rejected by the Supreme Court. Direct and explicit question has been put in the questionnaire as to the criterion for Govt's capacity to pay. Besides, inflationary impact of pay hike has also been mentioned. It is well-known that management of a country's finance involves balancing of too many variable elements. When one element is varied, some or all other elements are to be varied to have the balance restored. Even the total wage bill of the country accounts for a small fraction of the country's total finance. The wage bill payable by the Govt is still smaller. Wage increase therefore can have little direct inflationary impact. Addition to the deficit on account of wage increase of govt employees will not be so large as to stretch the finance beyond manageability.

We shall conclude our general remarks after offering our views on the inclusion of work method, etc in the terms of reference. In a large country like ours the governmental machinery is a vast and complex organism with innumerable aspects and work processes. Although half a century has nearly elapsed since independence, the basic pattern of the machinery as left by colonial rulers have undergone little change. Everyone will also agree that it is a stupendous task which can be undertaken only by a separate commission. It is not prudence to encumber a pay commission with the task of examining "work method, environment, attitude" and recommending

improvement. CITU's considered opinion is that this aspect should be dealt with separately by a separate team. By no means should this be mixed up with the pay related work.

Finally, it will not be out of place to invite attention of the commission to a comment made by a study group on wages Incomes and prices in connection with determination of wage structure: "We are not beginning with a clean slate and the burden of history is with us." In fact no Pay Body can begin with a clean slate, some thing has traditionally come down to us and some times it is not practicable to completely remould certain things on the basis of abstract principle. On many aspects what exists has to be made the point of departure in the exercise and evolve practicable proposals for improvement upon existing condition. The fifth pay commission has to recognise this reality.

### Reply to Questions

**Q 1.1** It is a gross exaggeration to say that the "socio-economic and political scenario in the country" is "fast changing." Some change has been effected in the economic structure but this has hardly any impact on social and political scene. The government seeks to withdraw its hands from some of its present economic activities, and abolish some regulation, but the extent to which it has been possible during the 3 years since the new economic policy was adopted is marginal. So it is not correct to say that the scenario is changing fast. Govt's role has remained more or less the same. Various constraints are known, which includes among others popular resistance provoked by the adverse effects of the change sought for on the life and livelihood of the millions of common people with consequent damage to electoral prospect of the ruling party. With these constraints continuing, there is little possibility of the process of change gathering much momentum causing diminution of govt role. It is also quite probable that renunciation of function in one sphere may necessitate assumption of new functions by the government. Therefore, there is hardly any chance of erosion in the importance of the responsibility of the govt employees.

Even if it is assumed for argument's sake the process of change will accelerate and the sphere of governmental activity will narrow down even there is no valid reason to believe that the remainder of the government function will be less important. Therefore, the doubt that government employees' responsibility may lose importance is baseless.

**Q 1.2** As already stated in the general remarks,

overwhelming majority of the Central employees are not having any "high expectation". They are rather having serious apprehension regarding the security of their own job and employment prospect of their sons and wards. Pitching the demands high because of high expectation is therefore out of question as far as the overwhelming majority of central employees are concerned.

**Q.1.3** Comparison between pay scales and perquisites in govt and public sector and the demand for parity are entirely valid and justified because firstly both public sector and departmental enterprises are owned by the govt and as such the employees in both sectors are employees of the govt and secondly the work in both sectors are largely similar. In fact by denying parity the govt has become guilty of gross discrimination.

**Q 1.5** Central govt employees at large demand parity with public sector not with private sector. The question is therefore not relevant to our current exercise.

**Q.1.6** Quantification with mathematical accuracy may not be possible for all elements involved, but neither is mathematical accuracy indispensable for the purpose on hand. Broad comparison is possible and settlement has often been achieved on the basis of mutually accepted broad comparison.

**Q 1.7** Equity and social justice of course demand a fair degree of equality of income in society, including profit and similar other incomes. But the general tendency in capitalist society like ours is towards concentration of wealth in a few hands, resulting in aggravation of inequality. The freer the play of market forces, the greater is the inequality in society. The best that can be done in a capitalist society from the point of view of equity and social justice is to adopt appropriate policy for simultaneous and progressive improvement of all sections who are below the desirable standard as defined in our constitution and other documents of national importance.

Vast majority of our poorer population lives in villages depending directly or indirectly on agriculture. Basic pre-condition for improvement in their standard of living is a thorough agrarian reform. Unfortunately due to criminal lack of political will on the part of the authorities concerned, agrarian reforms has remained in paper. The working class and the trade unions extend their support to the demand for land reforms. But it is neither equity nor justice to hold back improvement of the workers because the govt is unwilling to carry out agrarian reforms.

**Q 1.8** It is feasible and necessary for the govt to

prescribe and enforce some norms in regard to workers' remuneration such as minimum wage, compensation for price rise, etc for the protection of the more vulnerable sections of the workers.

**Q 1.10** Govt's capacity to pay as far as the remuneration of the employees is concerned, is not a very relevant concept since firstly the wage bill of employees is small compared to total finance of the govt and secondly there is almost unlimited scope for adjustments among various factors on both revenue and expenditure side. This being the position any exercise for determining criteria for assessment of capacity to pay becomes more a matter of theoretical interest. Huge leakage in govt finance is well-known. Instead of thinking of depriving the govt employees of their just remuneration let the govt take care to stop all sorts of leakages and undesirable expenditure. The mounting deficit will take care of itself. In any case, as stated earlier, the bogey of capacity to pay has been rejected by the Supreme Court.

**Q 1.11** State govt employees like all other sections of workers demand wage increase for reasons explained in our general observations, for protection of the real wage from erosion due to price rise and increase in real wage itself for new needs arising out of general development. They will continue to demand wage increase even if there is no increase in Central govt wages. So long need-based minimum wage, fair wage, living wage for ensuring decent living are not conceded, demand for wage increase will continue to be made by all sections of workers and the question of fair comparison with one relatively better placed section or another will always arise. We hope the commission will agree that this cannot be a ground for denying just wage increase to any section.

## Section II Principles of Pay Determination

**Q 2.1** There has already been a lot of discussion on the question of general principles of wage determination. In "some preliminary observation" the commission has referred to constitutional mandate for decentralisation etc. Here we may mention the constitution's mandate for ensuring living wage for decent standard of life. Some concretisation of the idea was done by various committees and the concept of living wage, fair wage and need-based minimum were evolved. There was complete consensus in the 15th Indian Labour Conference, the highest tripartite forum, regarding quantification of need-

based minimum. Although the 15th ILC formula cries for inclusion of new needs, and judiciary has extended support to the idea of such addition, the corner stone for a long term national wage policy should naturally be the principle of need-based minimum. Job evaluation is not an independent "principle" for wage determination, but within the framework with the need-based minimum as floor, job evaluation is useful in fixing the relativities. Within that frame work again the norm of "equal pay for equal work," the latter being determined through scientific job evaluation is an essential element in a sound wage policy.

Unfortunately the Central employees demand for wage structure on the need-based minimum principle, job evaluation and the norm of equal pay for equal work has been turned down, and the need-based formula of 15th ILC has been rejected. It is after this, pending a settlement on need-based minimum principle, the railway employees in 1974 demanded wage parity with the public sector as a compromise.

The Commission may very well base itself on the principles already evolved, enshrined in the constitution, repeated and elaborated in various documents of national importance and upheld by the judiciary, instead of searching for new principle. However, for the time being parity with public sector on the basis of fair comparison principle as demanded by the Central employees may serve as basis for recommendation of the Commission.

**Q 2.2** Pending need-based minimum as per 15th ILC formula, the minimum available to major Central Govt. public sector undertakings should be the minimum for Central govt employees.

**Q 2.4** Job content basis is all right for comparison.

**Q 2.5** Importance of technical job should get due recognition which it did not always get earlier.

### **Section III Pay Structure**

**Q 3.5** Fewer pay scales are generally preferred and rightly so. It should be a gradual process, avoiding possibility of generation of sense of stagnation.

**Q 3.6** Existing system of efficiency has been reduced to a farce and should be eliminated.

### **Section IV Allowances and Facilities**

**Q 4.1** "The majority of Indian population" aspect has already been discussed rather elaborately. Wage revision loses its meaning unless the real wage is protected. Therefore cent per cent neutralisation of price rise is imperative in all cases at all levels of

wages.

**Q 4.2** The system of Dearness Allowance was established and has evolved historically. There has not yet been any serious thinking about a complete change over to other system perhaps because of the complications that arise in the case of such change over.

**Q 4.3** All India Consumer Price Index for Industrial Workers(General) is faulty, it does not correctly reflect the level of inflation, it has to be properly construed in the manner suggested by trade unions and experts, otherwise the workers and employees lose heavily in D.A.

**Q 4.4** Full neutralisation of effects of price rise should of course be ensured for protection of real wage.

**Q 4.5** The short-term the period the more is the extent of effecting neutralisation.

**Q 4.6** Sufficiency or otherwise of compensation depends on the amount. The idea of city compensatory allowance arose because in cities people have to incur certain expenditure not required outside cities. House Rent Allowance is specific. DA and HRA do not cover the extra expenditure associated with city life.

**Q. 4.7** Disadvantages of rural living or living in other disadvantageous places should of course be taken care of.

**Q 4.28** Historically evolved conception of general bonus as deferred wage should be respected.

### **Section VI Retirement Benefits**

**Q.6.4** At retirement sudden drastic reduction in the regular monthly income of former employees with much of their family responsibilities still to be born by them not only creates a crisis in the family finance but also in the life itself on top of the psychological impact of retirement itself. It should be considered as a social burden to be borne by the state to protect the retired persons financially and for that matter psychologically. We are in favour of increase of pension amount upto 100%. Other aspects of pension should be adjusted accordingly.

## **Editorial Board**

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# KERALA NEWS LETTER

## KSTA Fourth State Conference

The fourth State conference of Kerala State Teachers Association was held from March 8-11, 1995 at Perinthalmanna in Malappuram district.

The conference started with its State Council meeting on 8th March. President K Chandran presided over the meeting. 425 members attended the meeting. KSTA General Secretary K Balakrishnan Nambiar placed the work report. The treasurer's report was placed by M K Ramachandran Pillai. 20 members participated in the discussion.

Reception Committee convenor welcomed the delegates. The conference was conducted by a Presidium consisting of P Chandran, C N Devdas, P Sankaran Pillai and Soni Komath. The delegates session was inaugurated by Sitaram Yechury, Polit Bureau Member of CPI(M). Speaking on the occasion he lambasted the educational policy of the Government of India. He said like other areas the educational sphere is also in a crisis. The govt is going to hand over educational sphere to private parties. The economic policy dictated by IMF and World Bank has undermined the sovereignty of the country. He called upon the teachers for a intensified fight against these policies.

Association general secretary placed the organisational report. On 9th March afternoon an Educational Conference was held. It was inaugurated by West Bengal Education Minister Ansoor Rehman. T. Sivadasa Menon presided over the meeting.

On the third day the delegates participated in the discussion on organisational report. A friendly-meeting was also organised on that day. Sukomal Sen, General Secretary of All India State Government Employees Federation inaugurated this conference. Leaders from other mass organisations spoke on the occasion. These include K N Ravindranath, CITU State General Secretary, Vrinda Karat of AIDWA, V A N Namboodiri of NFPT and others.

Earlier through a resolution the conference gave a clarion call to its employees to participate enmasse in the struggle against new economic policies of the Government of India.

The conference elected K Chandran as president and K Balakrishnan as general secretary of the association. The conference also elected a 23-member executive committee. On the last day of the conference a big procession and mass rally was held.

### **Welfare Board Employees Union Conference**

The 11th state conference of Kerala Chethu

Vyvasaya Thozhilali Welfare Board Employees Union (CITU) was held at Trichur on 11th March 1995. Union president C B C Warriar presided over the conference. It was inaugurated by CITU Dist Secretary M A Krishnan. The Conference supported the ongoing agitation by the Toddy tappers against wrong policy of the State govt in this sector. Union general secretary K N Mohandas placed the work report.

The conference elected new office bearers as VC B C Warriar, President, K N Mohandas, Vice President, K Sukumaran, General Secretary, C Sivadasan Jt Secretary, and M N Ravikumaran Nair, Treasurer.

### **KELTRON Employees to Launch Agitation**

The trade unions in the KELTRON industry have decided to launch mass agitational programme against privatisation of KELTRON. For this purpose a joint agitational programme has been formulated by the trade unions.

In a joint statement the Keltron Employees Association(CITU), Keltron Employees Union(INTUC-A) and Keltron Employees Organisation said that as the first phase of the programme a relay-dharna will be held from March 14 to 17 by the employees in front of KELTRON HQ. Workers from all the units will participate in the dharna.

In the second phase of agitation, a dharna will be organised in front of state secretariat and district headquarters on 23rd March. Employees from KELTRON industry from all over the State will participate in the dharna.

### **Madya Vyvasaya Workers Picket Auction Hall**

Workers of Kerala Madya Vyvasaya Thozhilali Union (CITU) organised picketing at the auction hall through out the state on March 6 against the liquor policy of the State government. Hundreds of workers participated in the picketing. The demands of the workers include new minimum wage for the workers in this sector and pension for the workers. State CITU leaders greeted the picketers in different parts of the state.

### **Agricultural Workers Staged Picketing**

Thousands of agricultural workers organised picketing in front of State Secretariat and district headquarters on March 6 demanding pension benefits. The programme was organised by the Kerala State Agricultural Workers Union. Women including old people participated in the picketing. In Trivandrum the picketing was inaugurated by A Kanaran, MLA, State Secretary of the union.



# TAMILNADU NEWS LETTER

A.K. PADMANABHAN

## CITU LED STRUGGLE IN TAMILNADU

The Secretariat of Tamilnadu CITU has called upon the Unions and the working people in the State to make further preparations for a united movement on issues facing the people.

The secretariat in its meeting on 14th and 15th March at Erode, reviewed the activities during the last 3 months.

A report on activities presented in the meeting showed that there were many industrywise actions during this period.

### PLANTATION WORKERS STRIKE

More than 2,000 rubber plantation workers in private sector in Kanyakumari District were on Strike from 4th October 1994. Workers have been demanding payment of D.A. due to them. Employers have been refusing to pay D.A. on the plea that the Government has stopped publication of indices with base year 1936. Linking factor for the year 1982 indices was not being given the Statistical Department. As it was very clear that the employers are trying to deny their legitimate dues, workers went on a united strike. Striking workers had organised a 'Rasta Roko' in Nagercoil wide spread solidarity actions were organised in the District. CITU committees organised demonstrations all over the state and submitted memorandums to the Government. After 140 days of strike, an interim settlement with an increase of Rs.4/- per day was signed and the strike was withdrawn. CITU has also moved the Madras High for a directive to the Government to publish the linking factor to determine the CLI. Plantation workers in the State Government owned corporation are also preparing for a struggle on charter of demands. They had gone on a day strike in support of the Private Sector Workers.

### AGAINST INCREASE IN YARN PRICES

Abnormal increase in Yarn Prices have created a very serious situation in Handloom, powerloom and Hosiery sectors. Handloom and powerloom workers had gone on struggle in various parts of the State. All Unions in the Hosiery sector in Tirupur jointly observed a Bandhon 10th January. All the employers organisation in Handloom, Powerloom and Hosiery in the State went on 3 day Bandh on 17th to 19th January. Yarn traders observed a statewide Bandh on 27th January. The situation has not changed

much even now.

### HANDLOOM WORKERS RALLY

CITU and AITUC had held a joint convention in Kanchipuram in October 1994. That convention had given a call for a massive rally in Madras. Hectic preparations are on all over the state to make the rally on 29th a great success. State leaders of the Federations are attending the preparatory meetings.

### BEEDI WORKERS

All the Unions in the Beedi industry in the State have decided to go on indefinite Strike from 3rd April. The Employer have been refusing to concede the demands of the employees for increase in Wage, D.A. add on other issues.

CITU Unions in the State had conducted massive rallies all over the State on 13th February, as per the decision of the South Zone Beedi Workers Committee.

### CONSTRUCTION WORKERS

As per the decisions of the successful State Conference of the Construction Workers Federation in November, construction workers held massive rallies all over the State on 20th February. The demonstrations carried their tools in their hands while conducting this demonstration.

In the meanwhile, the State Government has constituted the construction workers welfare Board. CITU has 3 members in the Board. CITU has decided to organise a massive hunger fast of Construction Workers in Madras on 18th April. The demands include house sites for construction workers, an assurance give by the Government two years ago.

More than 50,000 Tannery Workers in the State had gone on a united strike in December. The JAC of Tannery Workers have decided to continue the Struggle. A statelevel convention is to be held in Dindigul.

Among other sections, who had conducted mass movements are State Transport Workers, Local body Workers, Auto Rikshaw drivers and Head load workers.

### RAILWAY WORKERS

Dakshin Railway Employees Union (CITU) has been conducting Zonewise Companies against privatisation. On 8th February, a massive demonstration was held in front on the Southern Railway General Manager's Office. Among those who greeted the

demonstrators were T.K. Rangarajan, General Secretary, State CITU and leaders of other organisations including AIREC.

### **ELECTRICITY WORKER**

The long drawn struggle of Electricity Workers in the State, led by CITU entered a new phase with the Supreme Court directing the State Electricity Board to regularise the 18,000 contract workers and recruit 11,000 ITI Certificate holders as per the Award of the Khalid Commission. The Board which had not acted as per the Khalid Commission recommendations has been now Directed to give its opinion on the time frame before the Court gives its judgment on the time frame.

CITU, DYFI and SFI in the State have jointly decided to agitate for the early regularisation and recruitment as per the Khalid Commission. On 16th February Joint demonstrations were held in front of Employment Exchanges and on 28th February in front of the Offices of Electricity Board.

### **AGAINST POWER POLICY**

The Struggle against the privatisation in Electricity in the State, got a powerful boost with a State level seminar, which was organised jointly by all the organisations of Workers, Employees and Engineers. This seminar in Madras was presided by S.C. Krishnan (AIFEE) and was inaugurated by M.K. Pandhe, General Secretary of CITU, D. Janakiraman (CITU) moved the resolution. Among those who addressed were leaders of AITUC, LPF and all the Electricity Board Unions. This campaign against the present power policy is to be continued all over the State.

Various sections of employees including those from Telecommunications, Insurance and from the State Government employees are conducting struggles in the state.

After the Working Womens All India Coordination Committee meeting in Madras, the State Co-ordination Committee decided to implement the decision. Demands week was observed from 1st to 7th March and March 8 was observed with meetings and rallies.

CITU Secretariat has called upon the CITU Unions to extend Solidarity with the Struggles being conducted by various sections of Working people.

### **CONFERENCES**

State Conference of handloom Workers Federation, State Transport Workers Federation and the Central Organisation of Water and Drainage Board Employees is to be held during the Second week of May '95.

All India Textile Workers Conference is to be held in Coimbatore in August '95.

### **PEASANT SOLIDARITY FUND**

This year's Peasant Solidarity Fund amounting to Rs.59,875/- has been handed over to the Kishan Sabha.

The Secretariat has also directed the district Committees to complete the collections for Com. BTR memorial.

The programmes for campaign against child labour and for Silver Jubilee celebrations were also discussed by the Secretariat.

The Secretariat also decided to hold the meeting of the State Committee during the last week of April.

## **Workers Fight Against Production Curtailment At Chittaranjan Locomotive Works**

On 14th March, the Railway Minister informed the Lok Sabha in the course of his budget speech that Chittaranjan Locomotive Works exceeded its target of 135 electric locomotives by manufacturing 140. He added that Chittaranjan had also manufactured a 5000 HP passenger locomotives capable of hauling 26 coaches at 140 km per hour and another capable of hauling trains at 160 km per hour.

When the Rly Minister was proudly making this announcement as achievements of his Ministry, thousands of workers at the Chittaranjan Locomotive Works were engaged in sustained agitation under the banner of CLW Labour Union against an order from the same Rly Ministry to bring down the target of production at Chittaranjan from 150 to 107. Chittaranjan was given the target of 150 locomotives per year upto 1996-97. The workers were enthusiastically working not only to hit the target but to exceed it as it would be their contribution to the nation, they felt. All of a sudden came the order to lower the target and curtail production programme.

It may be recalled that it was this Chittaranjan Locomo-

tive Works Labour Union which enjoy the allegiance of almost the entire workforce of the plant which had revealed to the nation that despite the plant having the capability to produce locomotives of similar capacity as that of the ABB product and that too at an indefinitely lower cost, the Railway Ministry, for reasons best known to them was entering into the mysterious deal with ABB for import of locos instead of producing them at Chittaranjan. The deal had not only attracted severe criticism from all quarters but the entire work force under the banner of this union fought against the deal. Once again they have raised the banner of struggle against curtailment of production under the leadership of the same union.

V Satanam, Member Mechanical, Railway Board and General Manager, Railway Electrification who was on an official visit to the works had to quit Chittaranjan in the face of massive demonstration, leaving his mission incomplete. He invited the leaders to go to Delhi where discussion in the matter might take place. While continuing with the agitation the leadership of the union preparing for discussion at Delhi.

# ON SOCIAL CLAUSE IN MULTILATERAL TRADE AGREEMENTS

P. K. Ganguly

*(This was a paper submitted by P.K. Ganguly, Secretary, CITU in National Consultations on Social Clause in Multilateral Trade Agreements organised by the Centre for Education and Communication at Vishwa Yuvak Kendra, New Delhi on March 20-22.)*

The issue of Social Clause in multilateral trade agreements has created a furore in the entire world, particularly in the third world countries. It has come in the wake of the current process of so-called liberalisation and globalisation of national economies and the GATT treaty. It is therefore necessary to discuss the background in brief.

USA, the gendarme of world reaction, in its drive for a new world order, has been utilising the international financial and trading organisations to transnationalise, the world economy under its hegemony. With this objective it utilised the IMF-World Bank to compel India to frame its economic and industrial policies as per their dictates. With the same objective it is utilising the multilateral trade forum, the GATT (now WTO), in which it is the most dominant partner, blackmailing India to surrender to the proposals and sign the agreement at Marakkesh. It is to be noted further that simultaneously the USA has kept its own Trade Laws like the Super and Special 301 at bilateral level hanging like Damocle's Sword over India. All are with the objective to give absolute power to the multinationals to conduct the economic governance of the country in their favour.

In short, the GATT agreement has exposed India to a combination of three-pronged attack through the so-called TRIMS, TRIPS and GATS. The agreement postulates most dangerous provisions to undermine the economic sovereignty of the country, like no restrictions on foreign equity participation; no restriction on areas of investment; complete deregulation and no licensing; no export obligation to fund imports; free import of raw materials, components and intermediates; no obligation to use locally available products and raw materials; foreign investors to be treated at par with domestic companies in all respects; and above all, to dismantle the public sector and self-reliance and change all domestic laws accordingly.

The entire exercise has been planned to launch a new form of neo-colonial-offensive with technological innovations on the third world countries to enable the North to wriggle out from the current crisis and recession, the deepest since the great depressions

of the 1930s. And this, the rich countries in North cannot do without subverting the social development of the poor South. International trade thus has already been adversely linked with the social development of the third world countries, hitting hard their workers and the toiling people. Labour laws are also sought to be changed adversely to fit in with the economic interests of the multinationals in the process of liberalisation and globalisation. The demand for inclusion of a social clause in multilateral trade will be to put the final nail into the coffin of social development of the third world countries.

Although, the Finance Minister claims that the crisis has been smoothly overcome, yet the would be benefits of globalisation are yet to come. As a matter of fact, it cannot come or permeate to the lower strata of society. On the contrary, since it is dictated by the law of profit and choices of the largest multinational groups, the process weighs heavily on the poorer sections of the society and directly on the workers.

While the profit of the monopoly houses has grown on an average upto 300 per cent during the last three years of the liberalisation, unemployment has grown from 34 million to 38 million during the period. With the backlog of unemployment continuously increasing, and the loss of secured jobs by tens of thousands due to closures as a feature of the Structural Adjustment Programme, the unemployment is estimated by the Planning Commission to grow upto 94 million by 2002. Where Exit Policy and squeezing of the organised sector are the content and guiding principles of the policy of liberalisation, the end result is a process of deindustrialisation of the country as a whole. This is bound to eat into the core of the society with unemployment and price rise plaguing each family and people being thrown into the already overcrowded unorganised sector.

So far as India's debt and BoP are concerned, the external debt has touched the colossal figure of over 92 billion dollars in 1993 (The internal debt is more than double this amount.) The amount of repayment has already crossed the amount of borrowing. The debt service ratio is around 30 per cent, crossing all limits of prudence. Thus India is virtually in debt trap. The major part of foreign exchange reserve of about 19.5 billion dollars consists of speculative hot money, and not from exports. Imports are continuously at higher level than exports. So the BoP continues to be negative and is destined to remain so because of the

policy of liberalisation and continued protectionism by the rich North.

Globalisation in fact is perpetuating the former trends in international economies and trade and internationalised production, further accentuated by the new stage in technological revolution. Workers in the developed countries are gradually integrated in a world market and set in competition against one another and the multinationals are consistently seeking to increase labour productivity and maximise profit rates. The bulk of competition occurs within the developed economies of North America, Western Europe and the Asian-Pacific region. The acute economic warfare within this developed world is generating unemployment, poverty and regression of social security measures and rights. Therefore for their own sustenance, there is a frantic bid by the developed countries to hunt for the markets of the third world countries, which are further marginalised and find themselves greatly excluded from genuine free trade and technological modernisation.

This type of globalisation in effect means increased frailty of the third world countries and subservience of the consumers, their preferences and identities to the commercial interests of the multinationals. The free trade dogma is used to cover this whole process. Under the guise of its virtues, capital flows are being liberalized, price of raw materials and farm produce are submitted to speculative interest and access to new technologies is prohibitively priced. "Free trade" thus hides the unbearable domination and authoritarian intervention by the developed North through the trio of IMF, World Bank and WTO.

In the above background, the attempt of the USA and other developed countries to link social clause with international trade is to further consolidate their domination over the third world countries. It is to seek pre-emptive measures to tilt the rules of the game to their advantage and impose sanctions on exports from the third world countries. It is ironical that the countries which themselves ride roughshods on social rights, trade union rights and human rights, and themselves create environmental problems and where also child labour is a growing phenomena, should shed crocodile tears for the sub-standard norms in the third world countries, for which they only are responsible. Having extended the concept of free trade to all areas of economic governance of the developing countries hitting at their national sovereignties, the attempt to include social clause in multi-lateral trade is essentially to introduce unilateral non-tariff protectionist barriers to multi-lateral trade. It is obviously triggered by recession and unemployment in their own countries and an attempt to shift the burden further on the third world countries. Both the prescriptions for globalisation and then linking social

clause with international trade are born out of deliberate and conscious political planning for recolonisation of the third world countries. It will result in creating new fora of protectionalism and will be an instrument of coercion. Being further deprived of free trade and export possibilities, the third world countries are bound to slump deeper into poverty and unemployment, not to speak of social rights. The attempt thus is motivated on the contrary, to create conditions so as to make it further difficult for the third world countries to extend social rights to the workers and the people to make it easier for the developed countries to go through their exploitative new pastures. Of course, it is a vain hope, as social tension is bound to rise.

Further, it is an attempt to hijack the functions of the ILO and make it irrelevant. Here lies a diabolical motive too. ILO being a tripartite body, has got some influence of the trade unions. It has had to formulate some minimum labour standards for the member countries due to international trade union movement.

By hijacking its functions, the imperialist countries, dictated by their transnationals, in fact want to completely neutralise the say of the workers and enable the transnationals to dictate terms through the WTO. And the workers have learnt from their bitter experience how the transnationals, are avowedly against any basic trade union right. It is because of this that they want the developing countries to change their labour laws also to denude the working people of their basic trade union and collective bargaining rights and negate any organised resistance to their exploitative policy of liberalisation and globalisation. All the trade unions in India therefore have unanimously rejected the linking of social clause with international trade for national cause, but at the same time reiterated their demand for implementation of the ILO standards in the country by the Government of India. Simultaneously, they are waging struggles against the so-called GATT agreement also for national cause, as it goes against the interest and self-reliant development of the country.

It is pertinent here to cite the glaring example of Mexico, which is a partner to NAFTA, in which the social clause has been incorporated. Not to speak of social rights, the country has landed into the marsh of crisis.

India has to take lessons from Mexico. Reducing unemployment and poverty, and establishment of social rights implies breaking away from the so-called "free trade" concept. India has to free itself from the destructive fetters of the IMF-World Bank-WTO trio and embark upon the path of a self-reliant economy, which will not affect international trade. For this it is necessary to carry forward the countrywide united struggle by all mass organisations, the democratic forces and the patriotic sections of the people.

# THE MEXICAN CRISIS

*(We are publishing hereunder two articles on the great Mexican crisis, which should give lessons to the Indian authorities pursuing the diabolical path of globalisation hatched by the imperialist countries through the trio of international agencies, the IMF-World Bank - WTO. The glaring example calls upon the Indian working class to further intensify united struggle to get the policies reversed.)*

The first article is by Jonathan Power published in the World View of Statesman of 17th March, 1995 and the second article is by Anthony De Palma of New York Times service published in International Herald Tribune, Paris of 13th March, 1995.

## MEXICO'S NOSEDIVE TO BE REPLICATED IN THIRD WORLD

You reap what you sow - and the land is indeed the crucial issue - when you attempt to develop an underdeveloped country. This is Mexico's lesson. It is Algeria's, Pakistan's. Turkey's and Egypt's too.

It is true of a whole range of half-developed countries which are now finding out belatedly what they were told 30 years ago - if you don't have land reform, if you don't breed a strong and prosperous peasantry, if you don't halt the mad rush to the town, if you don't make your villages attractive with safe water and rural clinics, if you don't educate your young girls so that they themselves are moved to control the birth rate, you are going to have economic, if not political Armageddon.

Economic Armageddon has now arrived and political Armageddon seems not far behind. Should one rub Ernesto Medillo's, Liamine Zeroual's, Benazir Bhutto's Tansu Ciller's and Hosni Mubarak's nose in it and say you should have read Barbara Ward, Gunnar Myrdal or Mahbub-ul-Haq or even a couple of journalists I can think of?

The speculators are instinctively right - even if as a bunch they are generally profoundly more ignorant than the politicians and economists who are trying to wrestle with the policy quagmire - the Mexico disease could be contagious.

A log of middle-ranking developing countries are in over their head and overly dependant on large flows of foreign funds that, as is clear from Mexico, flee at the first sight of trouble.

Capitalism and its handmaiden, the industrial revolution, is a wonderful tool but only if you have an agricultural revolution first.

This is as true today as it was for Britain in the 18th Century. Without Coke of Holkham who introduced

rotation and manuring and Turnip Townsend, who introduced winter feed there would have been no rural wealth on which to build the new industrial society.

It was the same for Japan - there would have been no take-off without the land reform rammed through by the U.S. occupation under General Douglas Mac Arthur.

Indeed the Asian tigers to an animal are those that pushed through comprehensive land reform at the onset of their modernization process. The old patriarchal landed gentry were not only lazy, they were thrifty.

The newly ensconced peasant land-owners were the opposite. They made the land astonishingly productive and they produced savings - and the savings were tapped by the new industrialists.

So today, not only do they experience consistent economic growth, they have a rather good distribution of income, little poverty, and a well-educated female population that knows the Ps and Qs of reproduction.

Thus, they are socially stable societies and, not surprisingly, they have evolved political institutions to match.

Mexico should have been like this. After all it was in Mexico, in 1910, that the first great social revolution of the 20th century erupted, drawing much of its inspiration of a dispossessed peasantry whose goal was nothing less than the restitution of land and livelihood that had been wrested from it during 50 years of expanding agrarian capitalism.

Yet 85 years later it is clear what should have laid the ground, as it did in East Asia for a modern economy and a fair distribution of its benefits did not happen.

It is a complicated tale why not, but its essence can be simply put. Unlike in Japan, South Korea and Taiwan there was no follow through after the land reform. There was no irrigation, no new seeds, no new practices and no new information.

Not until the presidencies of the populist Luis Echeverria in the mid 1970s and the oil-rich Jose Lopez Portillo in the late 70s was great attention directed towards peasant agriculture.

But it was too late - population pressure, landlessness and the stagnation of production in staple crops was endemic. And given the badly organized way money for agriculture was finally spent, it was insufficient for the task. Successor presidents, including Mr Carlos Salinas, lost interest and tried another, more modernist, route to growth.

The present instability - the guerrillas of Chiapas, the monetary chaos - is the result. There is too much subsidence and disturbance below to hold erect the kind of ultra modern building that the later day Harvard-trained whiz kids have tried to construct on top.

It is a model too dependent on international monetary confidence and sophisticated, capital intensive industrialization with too little attention given to employment - enhancing opportunities in the rural backwaters or the urban shanty towns.

Too late, too late. You reap what you sow. The Mexican President, Mr Zedillo, is now perhaps trying the impossible, to prop up a buildign whose foundations have cracked. One can say from afar, try a little more democracy and honesty in Government. At least it's a safety valve.

But, frankly, unless there are quite inconcievable cahanges in both the Government's economic priorities and in the rules and institutions that goven international finance, a diaster in Mexico is hard to avoid. And that the just as true for Algeria, pakistan, Turkey, Egypt and a large number of other precariously balanced countries too.

### **TURMOIL GRIPS MEXICO OVER SHOCK PLAN FOR ECONOMY**

People throughout Mexico reacted angrily over the weekend to a shock-treatment economic plan that is expected to cost 500,000 jobs and send thousands of companies into bankruptcy.

Mexican officials are bracing for several months of rising social tensions and fierce political struggles. They said half a million people were most likely to lose their jobs in the next two months, joining the 250,000 who became unemployed in Ja uary and February.

The plan, designed to calm foreign investors and ensure a \$50 billion international and package, is expected to provoke a recession that will last all year. Interest rates of 90 percent and higher on mortgages, credit cards and car loans will puch many families into insolvency.

Millions of Mexicans awoke Friday to find that gasoline prices had jumped a third overnight and that electricity costs were up 20 percent. The government also plans to increase its value-added tax, a type of national sales tax, by half.

The measures have already caused a wave of indignation throughout Mexico. "We need a capable government, not one that is always trying to hurt us," said Joaquin Abonce, 65, a locksmith who had just finished paying his monthly electric bill in Mexico city.

"They raise the price of electricity, of gas, of transportation, and then everything goes up," he said, "This countrybis rich, but it government by bad

people."

Officials at the gighest level in government said the hardship caused by the plan would add to existing turmoil caused by investigations that implicate the government in two sensational political murders and the social conflicts in states like Chipas, where an armed rebellion that started wave of indignation throughout Mexico. "We need a capable government, not one that is always trying to hurt us," said Joaquin Abonce, 65, a locksmith who had just finished paying his monthly electric bill in Mexico City.

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The same backlash could cost the governing Institutional Revolutionary party four state goverships that are to be decided in elections this year. Last month, the party lost the governor's race in Jalisco State.

"Without a doubt, the economic crisis is going to cause enormous social pressure," one senior government official said. The official saidthe public outcry would be great, and the demonstrations as we well. But he said he did not think protests would necessarily be violent or would threaten the economic stabilization plan.

Oppostion leaders - and even some ruling party members - in the Congress were also gearing up to fight the new economic strategy when its session reconvenes this week, the los Aneles Times reortied. Specifically, they vowed to defeat the proposed 50 percent increase in sales taxes, which the government conceded will help push inflation to at least 42 percent this year when combined with a 35 percent increase in gasoline price and a 20 percent increase in electric bills.

(The Associated Press quoted a report by th official Notimex news service that said union leaders would lodge a formal protes over the economic plan with lawmakers. Congress mus still approve many of the plan's measures.)

Compounding the government's problems are its own openness and an unwillingness to rely on the authoritarian practices of the past. Leading up to the new emergency measures, the governmnet was

*[Cont's On Page 24]*

# China's Economy: Review And Prospects

BY WANG ZHONGYU, BEIJING REVIEW, FEB. 20-26, 1995

*(The author is minister of the State Economic and Trade Commission.)*

In 1994, China maintained a good trend of economic development, while at the same time expediting the establishment of a socialist market economic structure. This year, the Chinese government faces even more arduous tasks in economic reform.

## 1994 IN RETROSPECT

In 1994, the Chinese government carried out reform of its fiscal, taxation, financial, foreign exchange, foreign trade, investment, pricing and circulation systems, with all major reforms measures proceeding smoothly. The Chinese government also recorded notable achievements in its effort to strengthen macrocontrol and the comprehensive coordination of the operation of the national economy. Based on the rapid growth recorded in the previous two years, the national economy registered growth of more than 11 percent on 1993. State-owned industrial enterprises gradually improved production and management, and the decision-making power granted to enterprises was further materialized. Despite serious natural disasters, the agricultural sector reaped bumper harvests. The rapid growth of investment in fixed assets declined somewhat, the domestic market remained brisk, and import and export trade and foreign investment continued an upward spiral.

**Enterprise Reform.** In order to deepen enterprise reform, relevant economic departments formulated reform plans in early 1994 to further expand decision making power granted to enterprises and strengthen their status as the main body of market competition. The new enterprise accounting system operated normally, and the effort to evaluate the property and check up the capital of state-owned enterprises was implemented, with 10,000 large and medium-sized enterprises basically completing property evaluations. Pilot projects for the establishment of a modern enterprise system were launched on the basis of comprehensive preparations of relevant departments under the State Council and various localities. All of the aforementioned efforts were important preparations for deepening the reform of state owned enterprises in 1995.

In 1994, state-owned enterprises strengthened management and efforts to convert losses and increase profits. In the first 11 months of the year, the

output value of state-owned industrial enterprises under the state budget rose 5.2 percent on the previous year's period. They also registered a 17.6 percent rise in profits and tax payments, with a 23 percent increase in tax payments and a 6.7 percent increase in profits. The growth of losses sustained by enterprises dropped from 79.7 percent in the first quarter to 27.6 percent by the end of November, with the proportion of loss-making enterprises declining by 8.2 percentage points to 41.4 percent.

In 1994, relevant economic departments invested 300 billion yuan to upgrade the technology of existing enterprises, a rise of 36.8 percent on the previous year. Noticeable results were achieved in the project to revamp the China Hualu Video Recorder Group and expansion of the ethylene project at the Yanshan Petrochemical Co.

## Monitoring the Operation of New Systems.

Responsible economic departments closely followed and monitored the operations of various reform measures advanced by the Chinese government, and offered opinions and suggestions to help resolve problems emerging during the course of implementation. For example, most problems related to the operation of the new taxation system have been appropriately handled, thereby ensuring the smooth progress of the reform of fiscal and taxation system and promoting the growth of both production and financial income.

**Expediting Market Construction** Given the disorder merging in the field of circulation since 1994, economic departments at all levels have actively participated in reform of the circulation system for commodities such as grain, cotton and refined oil, and have initially rectified the order in the circulation and pricing of important commodities and materials. They have ferreted out and confiscated large batches of counterfeit and shoddy products, coordinated the production and marketing of some important commodities in a timely manner, in addition to submitting opinions on regulating the import and export of staple goods and the development of chain shops and comprehensive trading companies. The combined efforts have helped link production with circulation and domestic trade with foreign trade. Meanwhile, an increasing number of enterprises have been granted autonomy to handle imports and exports, with the number of industrial enterprises granted such rights exceeding 2,400, and the number of enterprises

involved in commodity circulation rising to 131. The composition of export commodities has improved, with the proportion of machinery and electronic products rising steadily. The past year also witnessed the opening of more trading ports to the outside world.

**Coordinating Economic Operations.** For various reasons, China's economic operations continue to face numerous contradictions and great difficulty. However, relevant departments have effectively extended great effort to ensure the normal operation of the national economy. For example, they have coordinated and resolved problems related to price differences for coal and electricity in north, northeast and northwest China. In order to overcome shortages of raw materials for the textile industry, they have resorted to measures such as using reserved cotton, increasing imports and limiting the production of cotton yarn. They have also helped solve the problem of sluggish sales of domestically produced crude and refined oil and the suspension and reduction of production in some oilfields resulting from excessive oil imports.

**Strengthening Legal Construction.** Economic departments at all levels have attached great importance to economic legislation. Last year, the State Economic and Trade Commission alone drafted 26 regulations and laws, 19 of which have either been issued or submitted to the higher authorities. The commission also joined other departments in drafting 17 additional regulations and laws.

### 1995 ECONOMIC WORK

Curtailing inflation is a prime task in the Chinese government's economic work during 1995. Priority will also be placed on deepening the reform of state-owned enterprises, improving economic operational environment, and enhancing the quality and efficiency of economic growth.

**Stemming Inflation.** Since March 1993, China's inflation rate has remained in the double digits due to the rapid growth of investments in fixed assets and consumption funds and the excessive issuance of bank notes in recent years, the inadequate supply of farm and sideline products as a result of serious natural disasters in 1994, as well as disorder in commodity circulation and nonstandard market behavior. To curb inflation, the State Council has adopted numerous important measures since 1993. This year, inflation is expected to ease as the factors related to the state regulation of prices will be reduced and the overall demand will remain under control. nonetheless, commodity prices are expected to come up further. The Chinese government will adopt the following measures to stem inflation:

— Rendering energetic support to the development of the rural economy in order to ensure the effective supply of principal farm and sideline products. Relevant departments will be mobilized to raise the production level of chemical fertilizers, farm chemicals, diesel fuel, farm machinery and tools and other marketable products for farm production, while at the same time ensuring supply in the proper season, and creating favourable conditions for farm production in terms of capital, electric power and transport.

— Continuing to monitor and control the scale of investment in fixed assets and striving to improve the structure and efficiency of investment.

— Guiding enterprises to lower production costs, enhance their capacity for market competition, increase capital accumulation and supplements to production and operational funds, and curb excessive growth of consumption fund.

— Continuing reform in the circulation system and lowering related costs. Emphasis will be placed on basically stabilising prices for principal farm produce and agricultural capital goods such as grain, edible oil, cotton, pork, vegetables and chemical fertilizers. The anti-monopoly law will be drafted in earnest and the rectification of market order will continue.

— Further expanding the reserve system for important commodities.

**Deepening Reform of State-Owned Enterprises.** The government plan for economic reform in 1995 will centre on deepening the reform of state-owned enterprises. The main tasks of the reform for the year, with separating the functions of the government and enterprises as the central link, will include further transferring the operational mechanisms of enterprises, establishing a modern enterprises system, transforming state-owned enterprises into legal entities which represent the main body of market competition and are able to exercise independent management, assume responsibility for their own profits and losses, and have the ability to seek self-development and self-restraint. The overall effort will lay a solid foundation for the establishment of a socialist market economic structure.

#### **Concrete measures to be adopted include:**

Separating the government's functions for social economic management and management of state-owned assets, separating the functions of supervising and managing state-owned assets from the operations of state-owned assets, and establishing a new management and operational system for state-owned assets. The ownership of investors and the property rights of enterprises as legal entities will be separated, and pilot projects for the establishment of

a corporate system will proceed in a standard manner.

Expediting the implementation of the measures concerning the bankruptcy, merger and reorganization of enterprise in order to achieve the rational distribution of state-owned assets. Key enterprises which have a close bearing on the national economy and the livelihood of the people will be developed steadily by introducing measures such as transferring their operational mechanism, creating new systems, readjusting debt structures, establishing enterprise groups and absorbing foreign investments.

Readjusting the debt structure of enterprises, increasing the production and operational capital of enterprise, and relieving enterprises, from the irrational historical debt burden.

Along with the effort to establish a social security system, appropriate arrangements will be made for redundant workers and social burdens on enterprise will be reduced.

Improving the Environment for Economic Operation. The government macro-control target for economic growth in 1995 is 8-9 percent. The Chinese government will continue to strengthen macro-control and the comprehensive coordination of the operations of the national economy.

The country's market is expected to develop steadily in 1995, and the macro-environment for economic operations continue to improve. Nevertheless, problems related to the market, product mix and capital will retain their prominence, and the environment for economic operations will remain harsh. On the one hand, investments in fixed assets will remain strong; market demand for capital goods is expected to rise; demand and market consumption will grow correspondingly with the increased income of urban and rural residents; foreign trade will maintain a relatively high growth rate; and in general, state owned enterprises will improve production and management, while increasing economic returns. On the other hand, the supply of most industrial consumer goods will continue to outstrip demand and effective supply will remain relatively inadequate; the irrational product mix will result in surplus stocks of many products; the capital shortage will linger and capital circulation will be sluggish; and the short supply of raw materials in some sectors will adversely affect the operations of the national economy.

To resolve problems related to economic operations, responsible economic departments will adopt various effective measures, including: Appropriately handling problems emerging during the readjustment of the industrial structure and the organizational structure of enterprises, particularly making appro-

appropriate arrangements for employees of bankrupt enterprises; actively organizing the production of marketable products and increasing effective supply; energetically expanding exports; strengthening the supervision and regulation of important import commodities, and effectively coordinating the supply and demanding of chemical fertilizers, cotton and other important commodities.

### **AN END TO POVERTY IN CHINA BY 2000**

By far the largest developing country in the world, China suffered much in the past. Since the founding of the People's Republic, China has devoted extensive efforts and resources toward combating poverty and increasing the country's wealth. Yet, due to numerous historic and natural conditions, the poverty problem remains.

In the mid-1980s China launched its anti-poverty campaign. By 1993, the number of poor people had plummeted from 250 million in 1978 to 80 million. Similarly, the number of Chinese countries designated as poverty-stricken had fallen from 699 in 1986 to 592.

Eliminating poverty completely for those remaining 80 million people by the end of this century is the new target of the State Poverty Aid Program.

1. The standards of resolving the shortage of food and clothing;

The annual per capital income of most poor families should reach more than 500 yuan (based on 1990s constant prices);

Providing up to one mu (15 mu equals 1 hectare) of high and stable yield farmland per capita; one mu of orchard per family, or one mu of cash crop; one plot of grazing land per family in a pastoral area; and switching one person per family from agricultural to non-agricultural work; and adding one animal husbandry activity or other sideline production per family.

2. To strengthen the infrastructure:

Basically solve the difficulties in water supply for both humans and animals;

Develop or improve roads in the towns and countries which have country fairs.

Ensure the supply of electricity to all poor countries and the majority of poor towns.

3. Improve educational, cultural and sanitary conditions.

Offer primary education to all and eliminate illiteracy among teenagers;

Teach practical skills to young physical laborers;

Improve medical conditions, prevent or reduce endemic diseases, and prevent deformity;

Carry out family planning to guarantee the stipulated rate of population growth.

□

## The Mexican Crisis—

[From Page 20]

unable to sign a sweeping social pact with business and labour, as it had done over the last seven years.

Unions and big business refused to ut their signatures on an economic emergency plan that included painful tax and price increases, leaving president Ernesto Zedillo and his economic cabinet little choice but to proceed without them. Mr. Zedillo has tried to compensate for the lack of consensus by taking his message directly to the Congress and the Mexican people.

"We know our problems have to be faced with strict realism and without fantasies or false hopes," Mr. Zedillo said Friday in a speech before one of Mexico's most powerful business grous, Coparmex. "We also know that we have to overcome this crisis in order to have a firm outlook of hope, growth and personal well- being."

The departing president of the business group, Antonio Sanchez Diaz de Rivera, said the organization opposed the plan because it included tax increases at a time when business was already suffering.

On Wall Street, however, the reaction to Mr. Zedillo's plan was enthusiastic. Big gains were posted in the stock market on Friday, and the peso soared 18 percent in value.

When he went on national television Thursday night to read the details of the economic plan, Finance Ministe Fuillermo Ortiz acknowledged that neither the government's original emergency measures in January nor the availability of more than \$50 million of financial assistance from the United States and other nations had been sifficient to keep Mexico's economic emergency from deepening.

The new plan goes much farther and deeper than previous attempts to realign Mexico's finances, cut spending, increase savings and restore a level of investor confidence, and it adresses most of the main concerns of international investors.

There is help for Mexico's ailing banks, a loan restructuring plan for businesses and 10 per cent cuts in government spending. Thos cuts are expected, along with increased revenues from taxes and hgiher prices for gas and electricity produced by the state, to help lead to a federal budget surplus.

"It is very tough," Mr. Ortiz said in an interview. "Very tough."

Salaries will not rise nearly as quickly as prices,

and officials say that will mean a further 32 per cent decrease in purchasing power and much more personal hardship for most of the 92 million Mexican

Inflation of 42 percent could soar even higher if union wage demands are pressed and business continue to raise prices as they have since the peso was devalued on Dec.20.

"The social consequences of the plan were, in one sense, really the only thing on our minds," Ortiz said. "But we knew that things would only get worse if we don't act."

## Dharna by Insurance Employees

At the joint call of unions of officers and employees of insurance industry - both LIC and GIC, a large number of employees and officers in and around Delhi sat on Dharna at the jantar mantar Park, Parliament Street from 10.00 in the morning on March 21.

The participants were addressed by Oscar Fernandes, Gurudas Das Gupta, Ajoy Mukherjee - Members of parliament and A.B. Bardhan (AITU), Suraj Bhan Bhardwaj (CITU), A.V. Nachane (AIICEF), Saroj Choudhuri (AIIEA) R. Santhanam (AI Standing Committee on General Insurance ), R. Jagopalan on behalf of LIC class I officers' Federation and several others. The main focus of the Dharna was against the threat of privatisation of insurance.

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