If we don't fight
If we don't continue the fight
Then the enemy bayonets
Will finish us off,
And later,
Pointing towards our bones,
They'll say:
They are bones of slaves
Of slaves.

LOKAYAT

A forum for a new world

Rising prices, Unemployment, Farmers suicides, Environmental destruction,Financial bankruptcy...

Unholy alliance of Native Rulers - Foreign Bandits

India... Becoming a Colony Again

At such critical times,
Why are you silent, O young friend!

Man's dearest possession is life. It is given to him but once, and he must live it so as to feel no torturing regrets for wasted years, never know the burning shame of a mean and petty past; so live that dying, he might say: all my life, all my strength were given to the finest cause in all the world - the fight for liberation of Mankind.

- Nikolai Ostrovosky

1904-36

India Becoming Colony Again

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selfishness and unconcern and apathy for others - this is the reality of today. In the name of fighting terrorism, the criminals and murderers who dominate the Indian Parliament are passing draconian laws giving the police powers to arrest ordinary people and put them behind bars for years without trial!

The common people have not been silent spectators to this sordid drama being enacted by the MNCs and their Indian collaborators. Like flowers springing up in every nook and corner with the onset of spring, all over the country, people are coming together, forming groups, and raising their voices in protest. Though these struggles are presently small, scattered, without resources, the future lies in these magnificent struggles. As more and more people join them, they will strengthen, join hands, and become a powerful force which will transform society.

We must stop being skeptics, dream of a better future, believe that it is possible to change the world. Yes, Another World is Possible! But to make it a reality, we must start our own small struggles. And so, we have started this forum, '**Lokayat**', the purpose being to reach out to ordinary people who wish to do their bit for transforming society for the better, and take up various activities with their co-operation.

Dear friends, this is a small attempt to reach you. Many of you do not know us. Nevertheless, we believe that you will agree with the thoughts expressed above. But your agreement is not enough, your active participation is of the utmost importance. You may contact us at any of the addresses mentioned below.

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We meet every Sunday from 5 to 7 pm at the Lokayat Office (at the address given above).

India... Becoming a Colony Again

LOKAYAT
a forum for a new world

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INTRODUCTION TO SECOND EDITION

India is shining. The International Monetary Fund in October 2010 revised upwards India's economic growth forecast to 9.7% for calendar year 2010, citing robust industrial output and strong macro-economic indicators.[i] The stock market is on a roller-coaster ride, and crossed the 20,000 figure in September 2010. According to Forbes rich list, the fast-growing economy minted 17 new billionaires in 2010, driving the total to a record 69.[ii] Another report, by Merill Lynch and Capgemini, says that the number of high net worth individuals (HNWIs) in India – those who have disposable assets of over $1 million (4.6 crore) – increased by 51% over the previous year to an estimated 1.27 lakh during 2009.[iii] It is not just the Indian press and electronic media that talk incessantly of India's arrival on the world stage; even renowned international authorities from investment expert Sam Mahtani to management guru Peter Drucker are predicting that India is on its way to becoming an economic powerhouse.

All this sounds very much like a repeat of 2006-07. Then too the economy had been growing at near double digit rates – around 9%, the stock market was booming and crossed 20,000 in end-2007, and the pundits declared that the country was heading towards becoming an economic superpower.

We first started writing this booklet in mid-2008, by when it had become clear that the boom had started to run out of steam. We explained that it was a distorted boom. The high growth rates of 2004-08 had been artificially triggered, were not based on increasing the purchasing power of the majority of the people who were living in abysmal levels of poverty, but instead were based on a very narrow base, were fuelled by triggering an artificial investment boom based on plunder of wealth and resources of the people by big corporations and by triggering an artificial consumption boom by the rich. And so, just when the official economists were proclaiming that the country was entering a new stage of permanent high growth, the economy started slowing down.

To any careful reader of this booklet, it will be obvious that the present boom of 2010 is also ephemeral, because the fundamentals of the economy remain the same as in 2007[iv] ...

October 2010

INTRODUCTION TO FIRST EDITION

Friends,

It’s not very long ago that this country was a British colony. The first thing the white-skinned colonizers did after they subjugated our land was to destroy the economy and remould it to suit their interests. On this, they erected a colonial social, cultural and educational edifice. They also domesticated a few ‘Wild Natives’ to sing paeans to them: the British were supposed to have come to civilize us. Their rule lasted 200 years.

The people of this country fought long and hard and finally won freedom. But now history seems to be repeating itself once again. Appearances may differ, but the essence is the same.

In the name of globalization, the foreign brigands are being invited back into the country. Times have changed. Last time they had to use force. This time they are being welcomed with open arms. The Prime Minister and his Cabinet untiringly sing eulogies to them. We are being told that since we have been unable to manage our economy, the World Bank (WB) and International Monetary Fund (IMF) have come to help us. The giant corporations of the developed capitalist countries, also known as Multinational Corporations or MNCs, will provide us advanced technology and capital, increase our production and exports. All our troubles will now be over. “India is shining”, India is becoming an “economic superpower”; and now after the 1,2,3 Nuclear Deal, India will soon become a “nuclear superpower” too! In gratitude, the PM went to Washington and told Bush: India loves you.[1]

India is indeed shining, for the rich! In 2007, India had 533 Rupee Billionaires, whose collective wealth stood at Rs.12.32 lakh crores. This was double that of the previous year, and four times that of 2005, when it stood at a paltry Rs.3.64 lakh crores. The membership of the club also grew, 168 new people joined the club, who just months ago were mere millionaires. The magazine that keeps track of these worthies (*Business Standard*) put it simply: “India’s billionaires have never had it so good.”[2]

The media daily highlights news of the growing wealth of the Tatas and the Ambanis. Of their acquisition of foreign companies. Of India's high GDP growth rates, rising FDI and FII inflows, export growth rate, and so on. Of our booming software exports. Of the flooding of India's markets with the biggest consumer brands from around the world. And so, even common folk have come to believe that India is becoming an economic superpower. Even though they can only gaze at these luxury goods in glittering malls from outside. Even though the only jobs available for college students pursuing a B.A. / B.Com. degree are marketing jobs with a monthly pay of between Rs.1500-3000.

However, the real question before the vast majority of the common people is: how does this increase in wealth of the richest of the rich help them? Are they getting decent jobs? Are they getting higher salaries? Are the prices of consumer goods of daily use (not luxury goods) falling? Is education getting cheaper? Are they getting better quality health care at cheaper rates? Are housing prices becoming affordable? Etcetera, etcetera.

Obscene Inequality

The reality is that globalization has led to a transformation of the country into a first world – fourth world society. While a small percentage of the population has entered the first world and lives in first world lifestyles, crores of ordinary people have been pushed down to fourth world immiseration. They have never had it so bad. This is evident from a host of government data.

In the 1970s, the Planning Commission defined poverty based on nutrition norms wherein all people unable to access 2400 calories and 2100 calories per capita per day in rural and urban areas respectively were to be considered poor. (Rural energy norms were set higher as more rural workers perform harder physical labour as compared to workers in urban areas.) As per these norms, according to official surveys (called the National Sample Surveys or NSS), three-fourths of the rural population (74.5%) in 2000 did not get the minimum recommended daily calories! Their monthly expenditure per person was less than Rs.565. The situation in the urban areas was slightly better: 45 % of the urban population,

which was spending below Rs.625 per month per person, obtained less than the minimum recommended daily calories.[3]

The latest official survey carried out in 2004-05 shows that the situation has considerably worsened: an appalling 87% of the rural population was unable to access the minimum recommended 2400 calories per day! The corresponding percentage for urban India, where the nutrition norm is lower at 2,100 calories, was 64.5.[4]

Then how come the government figures derived from the same data show that poverty has fallen during globalization years? For instance, the government claims that rural poverty has fallen from 36% in 1993-94 to 27.5% in 2004-05. The government has succeeded in uplifting 60% of the rural population above the poverty line by a simple trick: *by simply lowering the poverty line*! The new poverty line has nothing to do with whether a person is able to access the minimum recommended calories. Thus, in 2004-05, while nutrition data from the NSS 61st Round (2004-05) show that a person needed to spend Rs.795 in rural and Rs.1,000 in urban India a month to access 2,400 and 2,100 calories respectively, the official poverty lines for that year were only Rs.356 and Rs.539, half or less than half the actual requirement, at which only about 1,800 calories could be accessed.[5]

These shocking data are also confirmed by other nutritional and health surveys. According to the National Family Health Survey of 2005-06, nearly half (46%) of India's children under the age of three are underweight, an indicator of malnourishment, and 38% are stunted, which means that they suffer from chronic malnourishment. The figures for anemia are even more alarming: 79% of kids between the age of 6 and 35 months are anemic.[6]

Malnourishment impairs mental and physical development of children. According to the UNICEF, no other country is worse off than India in the case of malnourished children.[7] How can a country which is home to more than 40% of the world's malnourished children[8] claim that it is on its way to becoming an economic superpower? It only means that the country's much hyped growth rate of 8-9% per annum is not trickling down to the people.

These terrible figures are further corroborated by a recent report of the National Commission on Enterprises in the Unorganised Sector (NCEUS), which was submitted to the Prime Minister in August 2007. It says that the overwhelming majority of the population – 77 percent, or 836 million people – are living on Rs.20 or less a day.[9] How must people with monthly incomes of Rs.300 – 400 – 500 be living? If all that you can spend is at the most Rs.10 to 18 a day, what do you spend it on? Contrast this with the combined wealth of the 533 people in the billionaire club – Rs.12 lakh crores. Enough to run a rural employment program for many years, and pull all these crores of people out of poverty.

To the educated youth who are the readers of this booklet, all these figures must be very surprising, unbelievable. They are daily fed stories in classrooms, in intellectual seminars, in the media, about how India's high growth rates are gradually eliminating poverty and how India is entering a new age of unlimited prosperity.

Friends, the truth is, globalization has resulted in obscene inequality in the distribution of wealth and income: at one extreme, it has led to the sprouting of a handful of huge fortunes, and at the other, it has led to deepening and extension of grinding poverty.

To understand why this is happening, it is necessary to start from the beginnning…

December, 2008

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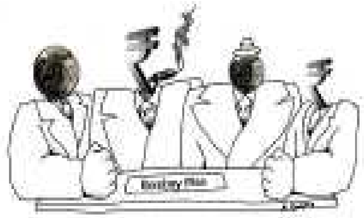
Part I

WHY GLOBALISATION?

The Nehruvian Model

Nehru indulged in a lot of rhetoric about socialism. But the development model implemented in India under his leadership was essentially a **model of capitalist development**. Its **most essential**

features – the public sector and the private sector, the Industrial Policy Resolutions of 1948 & 1956 – were **based on an economic plan proposed** by a committee set up **by the Indian capitalists** themselves. The architects of this proposal that popularly came to be known as the Bombay Plan were the doyens of Indian industry, J. R. D. Tata and G. D. Birla.



After winning independence, the Indian capitalist class was keen to duplicate the industrial revolution of the developed capitalist countries, and that too, at an accelerated speed. But, in 1947, the Indian capitalists had neither the capital nor the technology needed to set up the massive infrastructural industries essential for rapid industrialization. Furthermore, while the gestation period for projects in the infrastructural sector was long, returns on investment in these sectors were very low. Hence the Indian capitalist classes recommended to Nehru that large scale projects in energy, transportation, steel, oil, telecom and other infrastructural areas be set up in the public sector, using the hard earned savings of the people and by burdening them with indirect taxes. The Indian capitalist class invested its capital in the consumer goods industries where there were quick profits to be made. Even here, a major part of the financing was done by the public sector financial institutions, while the running of the industry and siphoning off of the profits was left in the hands of the Indian capitalists. Till the late 1970s, the total assets of many of India's biggest industrialists – including luminaries like Tatas, Birlas, Mafatlals & Singhanias – in the total assets of the companies they controlled was less that one percent![10]

Apart from setting up public sector units and providing finance to the private sector, the Indian state intervened in the economy in many other ways – to ration scarce resources and direct them to planned uses, curb the power of monopoly houses and promote small scale industry, and so on. **It also actively intervened to limit the penetration and influence of foreign capital.** For instance, MNCs were not allowed to enter strategic sectors of the economy. Even in the areas where they could invest, restrictions were imposed on the quantum of investments and conditions were imposed on profit repatriations.

Note that in adopting this path of capitalist development, India was only duplicating the strategy adopted by the developed capitalist countries in the 18th and 19th centuries. For instance, the US government actively intervened to protect its infant industry from foreign competition after winning independence from England;[11] Germany did the same when it began its industrial revolution in end-19th century.[12] Not just India, but many other third world countries that became free from colonial rule in the years after the Second World War attempted to follow a similar path of autonomous capitalist development.

Reasons for its Failure

However, there are inherent limitations to capitalist development in a third world country like India. Duplicating the industrial revolutions of the West was simply not possible for them. The developed capitalist countries had got the huge amount of capital needed to finance their industrial revolutions by looting and plundering the third world which they had colonized. And when their industrial revolutions took off, these same colonies also provided them with the huge quantities of raw materials as well as the markets needed for their industrial revolutions to continue without interruption.[13]

On the other hand, when the underdeveloped countries attempted to carry out their industrial revolutions duplicating the Western capitalist model, they had no region to plunder to finance their industrial revolutions. On top of it, their own economies were totally devastated due to centuries of colonial plunder. Not just devastated, but crippled too, due to the policies of the colonial rulers.[14] Therefore, it wouldn't be an exaggeration to say that the third world capitalist development models were doomed to fail. And this is precisely what happened. By the 1970s, the autonomous capitalist development models of most third world countries had become crisis-ridden. To keep their economies going, they now resorted to increased foreign borrowings. By end-1980s, more than 70 third world countries had become so mired in foreign debt that they were forced to declare bankruptcy.[15] Pushed by their foreign creditors, they now began the globalization of their economies. The Indian economy got trapped in a similar foreign exchange crisis by end-1990 – we discuss it in greater detail in the next section.

Even within these limitations, the limited capitalist development possible in India was throttled due to Nehru's failure to carry out radical land reforms. While a lot of emphasis was laid on setting up huge industries, the agriculture sector was neglected. Land reforms, development of agro-

based industries, building a cooperative movement – could have brought some prosperity to crores of rural poor. But this was done only to a very limited extent and that too only in some parts of the country. No serious attempt was made to eliminate medieval backwardness – religious backwardness, casteism, patriarchy continued to hobble the creative power of the masses. As a result, the purchasing power of more than 70% of the population living in the rural areas remained undeveloped. And without the growth of a domestic market, industrial development was bound to get bogged down. In less than two decades the Nehruvian Model became crisis-ridden. Nehru himself admitted the failures of his policies in Parliament a few years before his death.

Entrapped in Debt

To keep the economy going, the Government of India resorted to increased external borrowings in the 1980s. It also opened up the economy to a limited extent to imports and foreign investment. Consequently, the external debt of India went up by more than 4 times in just a decade – from $20.6 billion in 1980 to $83.7 billion in 1990.[16]

[*Note: Here, it would be appropriate to point out an important economic fact which most people are unaware of. There is a difference between internal and external debt. A government can repay an internal debt by increasing taxes on its people. However, if a third world government like India borrows in, say, dollars from abroad, it cannot repay the loan from its tax income as it has to repay the loan in dollars. And it cannot print dollars. The only way it can repay this foreign loan is from its export income, or earnings from foreign tourists to India who bring in dollars, or from remittances from Indian workers abroad who send in dollars. And when these earnings are not enough, by taking still more loans.*]

And so, by the late 1980s, the Indian economy was caught in a debt trap: we were borrowing from abroad to pay even the service charges on our previous debt.

The developed capitalist countries, who not very long ago were the imperial masters of the entire third world, were looking for just such an

opportunity. They had been forced to retreat and grant independence to India and other third world countries due to their powerful independence struggles. Since then, they had always been looking for alternate ways to bring the former colonial world back under their hegemony, ensnare it once again in the imperialist network, so that they could once again control its raw material resources and exploit its markets. They now sensed that the time was opportune to force the government of India to submit to a restructuring of the Indian economy and open it up to foreign capital flows and imports. The World Bank, an international financial institution which is decisively controlled by the US and West European countries, submitted a memorandum to the Indian government in November 1990 'suggesting' economic reforms like opening up the economy to foreign investment, liberalizing trade, privatization of the public sector, reforming the financial sector, and so on. Simultaneously, the Western creditors put on hold fresh loans to the Indian government, demanding that it first implement these policy changes.[17]

With foreign loans drying up, the foreign exchange reserves of the country plummeted to just $1.2 billion on December 31, 1990.[18] By early 1991, the Indian government was entrapped in a situation wherein, if it wanted to avoid external account bankruptcy, it had no option but to accept the demands of its international creditors.

Globalization Begins…

The Nehruvian Model of capitalist development sharply *polarised* Indian society. Society split into two camps. In one camp were the capitalists, big farmers, big traders, politicians, bureaucrats, blackmarketeers, smugglers, mafia, dealers, distributors, etc. – the *parasites*. They comprised less than 5% of the population. In the other camp were the working people, the students and youth, the pro-people intellectuals – the *ordinary folk*. These were 95% of the population. It is the *first camp* which *controls political power in the country*. All political parties serve **only** its interests.

By the early 1990s, the path of relatively autonomous capitalist development chosen by the Indian ruling classes was beset with severe

structural crisis. The capitalist classes now came to the conclusion that in order to expand their profit accumulation, they must *abandon their dream of independent capitalist development and become active collaborators of the imperialists*. Accepting the conditions of the World Bank (WB) and the International Monetary Fund (IMF), they decided to dismantle the Nehruvian Model, and open up the economy to inflows of foreign capital and goods.

Elections to the Indian Parliament were held in May 1991. In July 1991, the minority Congress government of Narasimha Rao-Manmohan Singh came to power at the Centre. It immediately went in for a 'Structural Adjustment Loan' from the WB-IMF. In return for this loan, it signed an agreement with the World Bank pledging a thoroughgoing restructuring of the Indian economy. The main elements of this *Structural Adjustment Package* accepted by the Government of India are:

1. Removal of all curbs on imports and exports.
2. Removal of all restrictions on foreign investment in industry, financial sector and agriculture.
3. Opening up the stock markets to foreign speculative capital flows.
4. No government interference in the operation of 'Free Markets': ending of all subsidies to the poor including food, health and education subsidies; privatisation of the public sector, including essential services like drinking water, health, education; removal of all government controls on profiteering, even in areas like foodgrains.

It is this **'restructuring' of the Indian economy at the behest of the country's foreign creditors** that has been given the high sounding name, GLOBALISATION.

The opposition parties initially opposed the economic reforms. In the next elections, when they came to power, they further accelerated the reforms. The behaviour of the various political parties, both at Centre and in the states, has made it very evident that all of them are in agreement as regards these economic reforms. The capitalist classes, their lackey intellectuals, their propaganda machinery, that is, the media, have been fully supportive of these policies. Globalisation is the consensus policy of the entire Indian ruling class. And so, ever since 1991, while governments have kept changing at the centre, the globalization of the Indian economy has continued unabated.

Globalisation: For Whose Benefit?

The Indian elites are euphoric about globalization. Foreign capital is entering each and every sector of the Indian economy – from infrastructural and consumer goods industries to the service sector. Some Indian capitalists have become their junior collaborators in these industries. Others have benefited through contracts, dealerships, and agencies. The public sector corporations created through the sweat and toil of the common people are being privatized at throwaway prices. Some of these are also falling into the lap of our domestic capitalists. All essential services – including education, health, electricity, transport, even drinking water – are being privatized, and all controls on profiteering are being removed. Because these are essential services, the profits are huge. The Indian elites are now no longer worried about the long term growth prospects of the economy. They are only interested in filling their coffers.

The giant corporations – Indian and foreign – are on a no-holds barred looting spree. They are plundering mountains, rivers, forests for their immense natural wealth. The government has given them permission to take control of thousands of acres of land, shoo off the people living on these lands for centuries, and do what they want – indulge in indiscriminate mining, or set up giant polluting factories, or golf courses, or residential complexes.

Hoarders and blackmarketeers are having a field day – as laws controlling their activities have been relaxed in the name of freeing the markets. The speculators are ecstatic – they have never had it so good. The swanky upper middle classes are also in raptures over globalization – the world's most trendy consumer brands are now available in the country. They can now eat what the Americans eat, drink what Americans drink, even wear the same underwear as they do! So they proclaim – India is catching up with America. Hip, hip, hurrah!

The top Indian intellectuals and the media – faithful servants of the capitalist classes – have launched a massive propaganda offensive to convince the Indian people about the benefits of globalization. The entry of foreign companies into India and the total volume of foreign capital inflows is being presented as a barometer of the development of the country. They claim that the entry of MNCs into India will help Indian industry become more competitive and world-class. Prices will fall. With MNCs creating millions of jobs for the unemployed, unemployment and poverty will gradually end. India's high GDP growth rates prove the country is on its way to becoming an economic superpower.

One wonders why we drove them away in the first place (in 1947)! Gandhi, Subhash Bose, Bhagat Singh must surely have been ill-informed about the benefits they bring!!

Before we examine what is happening to the Indian economy and the common people under globalization, let us briefly take a look at some of the myths being propagated about the benefits of foreign capital inflows, also known as FDI (foreign direct investment).

Part II

MYTHS ABOUT BENEFITS OF FDI INFLOWS

(i) Will the competitiveness of Indian industry increase?

It is not possible for even the biggest Indian companies to compete with the gigantic MNCs – the MNCs are just too big. Just the top 200 MNCs control well over a quarter of the world's economic activity.[19] They are so big that they can gobble up entire countries. Wall Mart, the retailing giant, is bigger than 161 countries. Mitsubishi is larger than Indonesia; Ford is bigger than South Africa. Of the 100 largest economies in the world, 51 are corporations, only 49 are countries.[20]

Obviously, there can no competition with these giants, only collaboration. This is what has been happening in India too. The bigger Indian companies are moving towards becoming the junior collaborators of the MNCs, while small scale industries have been downing their shutters in tens of thousands.

(ii) Will prices fall?

In classrooms, economic courses still teach that competition leads to falling prices as firms indulge in cost cutting. But that used to take place in the era of ‘free’ or small scale capitalism, when there were thousands of small firms indulging in cut-throat competition with each other to survive. Monopolies do not function under these laws.

Today, a handful of giant MNCs control global production in virtually every sector. The top five firms account for between 30-60% of the global sales in autos, electronics, airlines, steel, oil, personal computers and chemicals[21]; in pharmaceuticals, the top seven firms account for a quarter of the global market[22]; just six agro-chemical corporations dominate the global genetically engineered food industry[23]; and so on.

Since they are so few in number, they follow the unwritten rule of not indulging in price competition – it would be ruinous for all of them, because they are so big. Instead, *they collaborate to rig up prices*. Competition among them now takes place over market shares. They compete with each other using aggressive marketing techniques: since profits are huge because of high prices, they can afford to spend billions of dollars on advertising.[24] A simple example to illustrate this is the soft drinks sector, where the two soft drink giants Coke and Pepsi, having taken over most of their rivals, dominate the Indian soft drink industry. They do not indulge in price warfare. Instead they cooperate to keep prices high and sell a bottle containing 300 ml of coloured water laced with deadly chemicals costing a few paise for Rs.10. They now compete with each other for market shares – one hires Shah Rukh Khan, the other Sachin Tendulkar.

(iii) Will MNCs create jobs?

This is one of the biggest myths about globalization, that the entry of MNCs into the Indian economy would lead to enormous job creation and reduce unemployment. The reality is the exact opposite.

MNCs create very few jobs. The reason is simple: they use the latest technologies, and so with a very small workforce, they are able to produce an enormous amount of goods and dominate the global market. According to a UN report, the total number of people directly employed by MNCs in the entire third world is just 70 lakhs. (An equal number are employed indirectly.)[25] 70 lakhs is less than the annual fresh entrants into

the Indian labour market! This explains why, despite all the high expectations generated by the entry of MNCs into India, they have created very few jobs. Of these, a few are highly paid jobs. The media has been highlighting these extremely few jobs, creating an impression even amongst the common people that globalization is going to solve our unemployment problem.

While MNCs employ very few people both directly and indirectly, they destroy many more jobs than they create – due to closure of small scale industries, destruction of agriculture, and so on. As we shall see later in this booklet, the unemployment situation in India has been worsening since the past decade.

(iv) Then, what do MNCs do?

If MNCs don’t create jobs, if MNCs don’t reduce prices, then how do they benefit society? The true answer will be shocking for those who uncritically accept the propaganda dished out daily by the newspapers and TV Channels: they don’t benefit us in any way.

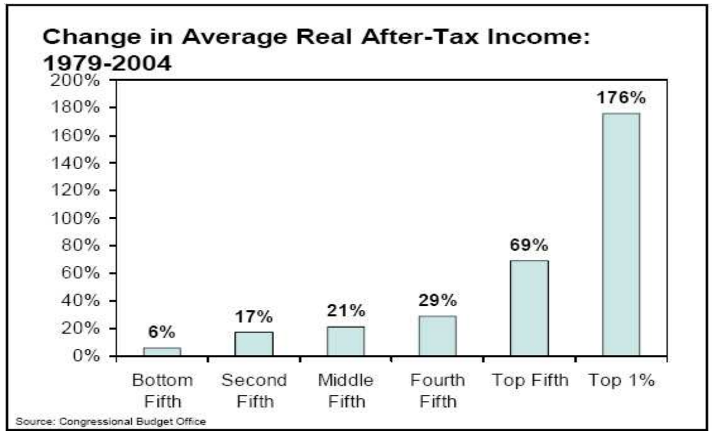
Their sole aim is to make profits.

And what else do they do? They bombard us with advertisements to convince us to buy more goods, so that they can make more profits. They actually make super-profits, because as mentioned earlier, they collaborate to rig up prices.

Hence the obsession with growth in a monopoly capitalist economy. GDP growth represents the increase in goods and services sold over the previous year, and so it reflects the increase in profits of the capitalist class. However, unlike in an economy dominated by small scale capitalism, growth in an economy dominated by monopolies does not trickle down. The increase in profits of the giant corporations does not benefit us, the working people, in any way.

No trickle down in the developed countries

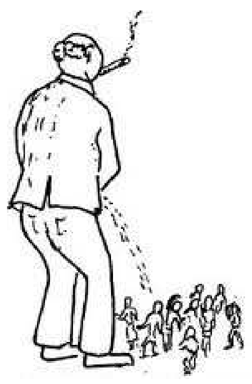
Unlike the impression created by apologists for monopoly capitalism, growth in an economy dominated by multinational corporations does not trickle down. This is not happening in the developed countries too. For instance, in the USA, since the 1970s an overwhelming proportion of the income gains have been cornered by the super-rich, with hardly any gains for the middle and low income households.



As the above chart shows, during the period 1979-2004, the average real after-tax income of the top one percent of the population in the USA nearly tripled, rising by $554,000, or 176%; in contrast, the average real after-tax income of the middle fifth of the population rose a relatively modest 21 percent, or $8,500; and that of the poorest fifth of the population rose just 6 percent, or $800.[26]

No trickle down in the third world countries

So far as the ex-colonial countries (who are also given the exalted name of 'developing countries') are concerned, once they open their economies to the MNCs, these giant corporations simply plunder them. A massive tragedy – of poverty, unemployment, disease, destitution – is being wrought across all these countries. In Latin America, the impact of globalization has been so severe that all the gains made by the people during the 1960s and 1970s had been wiped out by the 1990s. Africa has been squeezed dry like a lemon. The continent has become so marginalised that the only image of Africa left in the eyes of people all over the world is of a continent of starving people.[27]



MNCs seek to dominate the world

There is nothing surprising in this; it could only have been so. The logic behind the operation of the MNCs today is the same as it was in early 20th century, when they and their concubine governments raced with each other to colonise the third world:

a) The MNCs are giant corporations, and have an enormous capacity for production. Therefore, they also need huge quantities of raw materials. Many important raw material sources are in the third world. And so, in a world where their competitors are equally big and tough, they require to gain control over as much sources of raw materials as possible, wherever these raw materials may be. And of course, they want to take control of these raw materials at the lowest possible price.

b) The monopoly corporations, ever since their birth, have always sought to conquer foreign markets. They produce an enormous quantity of goods, and unless they are able to sell them, they will not be able to reinvest and sustain their growth rate.

c) The MNCs also need foreign markets for capital investment. In a world where giant corporations are competing with each other, they race with each other to enter new markets so that they can quickly dominate them and make it difficult for their competitors to enter.

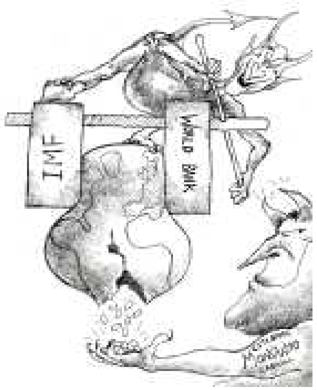
Monopoly corporations began to emerge in the developed capitalist countries around the 1870s.[28] From that very moment, a mad rush began among these countries to carve up those areas of the world that had not yet been colonized. By 1914, the colonial powers directly controlled 85% of the earth's surface, and their economic and political control extended over almost the entire globe. After they had colonized all those lands that could have been colonized, they fought two World Wars for re-division of their colonies. Because of this change in their nature (from small scale capitalism to an economy dominated by monopolies) which made them even fight fierce wars with each other in order to dominate the world, the developed capitalist countries – the United States of America, the West European countries, and Japan – now also came to be known as imperialist countries.

However, after the Second World War, a new player emerged on the world scene to spoil the games of the imperialists. The people of the colonies rose up in revolt, and the colonial powers were forced to retreat and give freedom to their colonies.

It is in the very nature of imperialism to seek to dominate the world. The US emerged as the dominant imperialist power after the Second World War. And so, right from the very beginning, it tried to sabotage the independent development of the third world countries. It used all kinds of tricks to re-enter the economies of these countries and dominate them, and keep their markets open for trade and capital investment by Western multinational corporations. Thus, it used various so-called foreign aid programs, and controls exercised by international organizations such as the World Bank and the International Monetary Fund. And when these did not work, it got the CIA to overthrow governments not willing to become American puppets, from the Mossadeh government in Iran in 1953 to Allende in Chile in 1973. Where necessary (and possible), it sent in its troops to remove governments seeking to pursue an independent path of development, from Vietnam and Korea to Brazil, Guatemala and Dominican Republic. Hundreds of thousands of people in these countries were killed by US troops and their local collaborators.[29]

In the early 1980s, the third world countries became entrapped in a foreign debt crisis. By 1982, the total debt owed by third world countries to US, European and Japanese banks had climbed to an astronomical $785 billion. That year, 22 third world countries declared bankruptcy and approached the WB-IMF for loans to tide over the crisis.[30]

The wheel had now come full circle for the third world countries. The imperialist countries were now in a position to re-establish their hegemony over the third world, without resorting to force. Using their control over the WB-IMF, they arm-twisted these countries to open up their economies to foreign capital and goods, and remove all restrictions placed on their operations. This is the real content of globalization. As Henry Kissinger, former Secretary of State of the USA, candidly remarked in a speech in 1999, "*Globalization is only another word for U.S. domination.*"[31]



Part III

IMPACT OF GLOBALISATION ON INDIA'S FOREX CRISIS

We now take a look at the impact of the most important elements of globalization – which as discussed earlier are actually conditionalities imposed by the World Bank-IMF on India – on the country's foreign exchange (forex) situation. After all, it was because of our forex crisis that globalization began.

(i) FREE TRADE

According to World Bank theory, entry of foreign companies and liberalization of foreign trade will enable India to diversify its economy and thereby export a wide range of goods – this will enable India to increase exports in a big way and thus repay its foreign debt.

That this theory is all hogwash can be understood by commonsense logic. MNCs already have production facilities in the developed countries. Not just that, the bigger MNCs also have production facilities around the world to cater to various regional markets. In such a situation, why should a MNC come to India and set up a manufacturing unit here to export goods to the developed countries to compete with goods made by the same MNC in those countries? (Of course, some MNCs may set up manufacturing facilities here for export purposes taking advantage of the cheap labour here, but these would be few.)

Even more childish is the expectation that MNCs will help Indian industries increase their technological capabilities by transferring technology, enabling export diversification. MNCs are not social workers; capitalism knows no such cooperation, its mantra is 'cut-throat' competition.

The Real Reason behind 'Free Trade': Stagnation in the West

The reason why the developed countries arm-twisted the Indian government to open up its domestic market for foreign capital and goods can be understood by some simple economic facts. The economies of the developed countries have been slowing down since the 1970s. The average economic growth rate of the G-7 countries (that is, the seven most developed countries) fell from 3.5% in the 1970s to 2.1% in the 1990s.[32] Their economies are saturated; the massive amount of capital accumulated by their MNCs is finding no investment outlets in their economies. Already, investment has far outstripped demand. For instance, in the US, the corporations have over-invested so much that the percentage of production facilities that are currently being utilized (called the capacity utilization rate) is at its lowest levels since the Second World War. Presently, it is at a dismal 78% (in 2008).[33] And so, the MNCs are coming to India mainly for the domestic market, not for exporting from India to the saturated markets of the developed countries (there may be some exceptions).

There is nothing like a 'free market' actually. It is all bunkum. While the developed countries have been vociferously preaching the 'free market' gospel to third world countries like India, they themselves have been imposing all kinds of restrictions on low-cost imports from these underdeveloped countries to protect their markets for domestic suppliers. According to the UNCTAD (a UN agency), the 'developing' countries are losing export earnings to the tune of *hundreds of billions of dollars* every year due to protectionism in the developed countries.[34]

Given this structure of the world economy, there are limits to the growth of exports from India. On the other hand, given the insatiable appetites of the Indian elites, with import liberalization imports into India have zoomed. A major reason for the rise in India's import bill is the sharp rise in luxury goods imports, especially electronic items, and gold imports. With the Indian capitalist class now abandoning all attempts at independent capitalist development, imports of machinery have also risen sharply. Finally, despite high oil prices, no steps have been taken by the Indian government to curb oil consumption, and so the oil import bill has shot up.[35] Much of the growth in oil consumption is on account of the great boom in private automobiles. This could have been curbed by proper planning, promoting growth of public transport and discouraging use of private vehicles – by increasing taxes, imposing high parking charges, and other such measures. In direct contrast, the government has actually promoted sales of cars by providing cheap car loans and huge subsidies to car manufacturers and car owners, and allowing public transport systems to decay.

And so, the Trade Deficit zooms…

In accordance with WB prescriptions, the Indian government has removed all restrictions on imports. Simultaneously, it is desperately

promoting exports. Thousands of crores of rupees have been given as subsidies to exporters. While it has resulted in some diversification and increase of exports, because of all the reasons mentioned above, imports have increased much more sharply. The result has been that **the trade deficit has simply gone through the roof. From $2.8 billion in 1991-92 and $4.05 billion in 1993-94, it shot up to a whopping $90 billion in 2007-08**.[36]

Despite this huge trade deficit, the difference between our day-to-day foreign exchange expenditures and earnings (called *balance of payments on current account*) has remained at reasonable levels for two reasons. First, the huge success recorded by India's exports of software and IT-enabled services. Second, the large remittances into the country from Indian workers abroad. It is these foreign exchange earnings through the globalization years that have prevented the Indian economy from sliding into foreign account bankruptcy once again. Given the present global economic crisis, how long these inflows can continue is a matter of serious doubt. We come back to this later in this booklet.

Because of the continuing deficit in balance of payments on current account, foreign borrowings have continued. As a result, **the country's external debt has zoomed upwards, and, stood at an astronomical $221.2 billion as on March 2008** (figure includes both government and non-government debt).[37] While the Indian economy has not collapsed into foreign exchange bankruptcy again due to the willingness of the foreign creditors to lend, in reality, the foreign exchange crisis of India is actually worse than in 1991.

(But then what about India's huge foreign exchange reserves? It's like the golden deer Marich of Ramayana. More on it later.)

(ii) FREE INVESTMENT: OPENING THE ECONOMY TO FDI FLOWS

This brings us to the second conditionality imposed by India's foreign creditors. As per the wishes of the WB, India's rulers have opened up the economy to foreign investors. These foreign capital inflows are being used to partly finance the balance of payments deficit of the country (otherwise, the foreign debt would have risen even faster.)

But just as interest has to paid on loans, foreign investment results in profit outflows. The rate of return on foreign investment can be as much as 20-22%, as admitted even by S. Venkitaraman, a former governor of the RBI[38] (it is actually much more than this, as per statistics put out by the RBI[39])! Which means that the forex drain due to FDI is much more than that due to foreign loans!! Foreign loans lead to yet more loans and eventually into a debt trap; similarly, FDI also is addictive: the more FDI you invite, the more FDI you need to compensate for the increasing profit outflows.

And so, our country has become an international beggar. Our PM and CMs are hopping from Washington to Bonn to Tokyo, begging foreign investors to bring their billions into the country.

Consequences of 'FDI-Inflow Profit-Outflow' Trap

'Free Trade' has resulted in a monstrous widening of the trade deficit. 'Free Investment' is resulting in a huge outflow of profits. As the country's foreign exchange crisis worsens, the only way the economy can be kept afloat is by luring more and more foreign investors to bring their dollars into the country. And so, irrespective of their colour – white, saffron, blue, green, red – governments at the Centre and the States have been offering the most extraordinary sops to foreign investors. The country's infrastructural assets, agricultural wealth, mineral resources, everything has been put for 'SALE' at rock-bottom prices.

The imperialists know no mercy. They are imposing the most humiliating conditions on us – they are trampling all over our sovereignty with impunity. Our foreign policy is now oriented to suit their interests. Our economic policy, including our budget, is now made by World Bank men: since 1991, most of the influential economic policy makers in India, including members of the Planning Commission, secretaries of the Finance Ministry and economic advisors to the government have been people who have had stints at the World Bank; the czar of our economic policy, Montek Singh Ahluwalia, spent the first 11 years of his career at the World Bank.[40] We are forced to sign the most blatantly unequal treaties that sanctify the domination of the imperialists over the world. Our defence policy is being reoriented to serve America's hegemonic interests in this region. Since no new nuclear power plants have been ordered in the US for the last 30 years due to public opposition and high costs, we are now providing their industry a lifeline by allowing them to set up nuclear plants in India.

Let us take a look at the impact of these conditionalities on the most important sectors of the Indian economy.

Part IV

IMPACT OF GLOBALISATION ON THE INDIAN ECONOMY

(i) PRIVATISATION OF THE PUBLIC SECTOR

Most of the country's infrastructure was in the public sector until 1991. Now the government is privatizing it. Privatisation of the public sector is one of the most important conditionalities attached to World Bank's Structural Adjustment Loans.

The Propaganda

Dutifully, the bards who are supposed to be economists have launched a propaganda offensive – the public sector is being privatized because it was making huge losses. But the public sector companies that are preferentially being privatized are the profit making ones, like the VSNL, GAIL, the telecom companies (MTNL, BSNL), and the highly profitable insurance companies and oil companies!

This is not to say that no public sector companies were making losses – many are in the red. But this is not because the public sector is inherently inefficient as is argued by the 'free-marketeers', but because it is used as a milking cow by the politicians and the bureaucrats. More importantly, the government has always run it in such a way so as to maximise private sector profits.

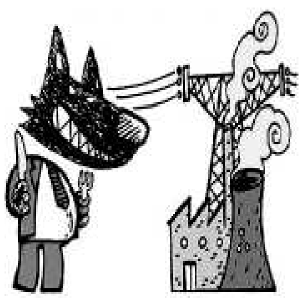
This is best illustrated by the favourite whipping boy of the 'privatization pundits': the State Electricity Boards. One reason for their losses is that the electricity prices were deliberately kept low – now that they are being privatized, the electricity prices are being hiked by as much as 2 to 3 times, so that the private sector can mint money. The second reason is that the biggest consumers, the state governments and the big industrialists, simply did not pay their electricity bills.[41] Finally, corruption of the ministers and bureaucrats added to the woes of the State Electricity

Boards. If privatization is the solution to corruption, then it is actually the ministries and the bureaucracy that should be privatized!

All this is not to argue that there is no inefficiency or corruption at the lower levels in the public sector. It would actually be surprising if there wasn't! There is little moral incentive for an ordinary employee to be honest and efficient and hardworking in a country where the top leaders are implicated in scams to the tune of thousands of crores of rupees, and yet are able to twist the judiciary and police around their fingers and walk away scot-free. We only want to argue that the real motive of the advocates of privatization is not to eliminate corruption or inefficiency in the public sector, but to transfer public assets to the private sector.

Privatisation – at Firesale Prices!

The foreign brigands want to take control of the 'commanding heights' of the Indian industry. The Indian corporate houses are also getting a share of the pickings. At the time of independence, the Indian capitalists had no money to invest in infrastructure, so they themselves recommended that this be set up in the public sector. Now they have become big and are ready to invest in this sector.



The country's rulers, the political parties and the bureaucracy, are revealing their true colours: that they are only frontmen for the big private corporations. Not only are the country's public sector assets, built out of blood and sweat of the common people over 50 years, being privatized, they are being handed over to the profiteers at virtually throwaway prices. To give just two head-spinning examples:

- Balco, the giant public sector aluminium producer, whose asset value was Rs.5000 crores, was handed over to Sterlite, a company notorious for its environmental abuses and bad safety record, for just Rs.550 crores – an amount less than half the value of Balco's captive power plant alone![42]
- VSNL, the telecommunication company, was taken over by the Tatas for just Rs.2591 crores, an amount which was less than even VSNL's cash reserves of Rs.3000 crores. With prime properties in all major cities, the actually worth of VSNL would be many thousands of crores of rupees more. On top of it, even this money spent by Tatas to acquire VSNL was loaned to it by public sector financial institutions!![43]

Private Monopoly Super-Profits

The 'free-marketeers' claim that the public sector was making losses because of its monopoly nature – since it is backed by the government, it is not subject to market laws and does not have to face competition. But they have no problems when this is converted into a private sector monopoly and now makes super-profits!

Actually, many infrastructural sectors can only be monopolies, because of the huge investment involved. For instance, setting up electricity distribution networks, or building railways and expressways is so expensive that if for the sake of competition, two parallel electricity distribution networks were set up in a city, or two rail lines or expressways were built between two cities, the costs to the consumers would become so prohibitively high that all the competing companies would go bankrupt. Which is why, wherever in India electricity distribution has been privatized, it has been handed over to a single private company – from being a public sector monopoly, it has become a private sector monopoly. Similarly, all expressways being built in the private sector are private monopolies. Actually this is why these areas are being privatized – so that the private sector can make exorbitant, monopoly profits.

Secondly, even where competition is possible, like in steel manufacture, or insurance, or mining, or electricity generation, the big corporations that are taking over public sector units in these areas do not indulge in price competition. On the contrary, these big private corporations are cartelizing to jack up prices and earn superprofits.

This is precisely what is happening in the case of electricity generation privatization in India. The foreign and Indian power producers have cartelized and sent electricity prices zooming skywards. Having dismantled its plans for setting up power plants and hence facing an electricity shortage, the Maharashtra State Electricity Board (MSEB) is being forced to buy power from these companies at prices as high as Rs.8 to 10 a unit![44]

In the case of cement and steel, the big corporations that dominate production in these sectors have in recent years cartelised to raise prices so exorbitantly that it made newspaper headlines; even the normally docile Finance Minister was forced to express concern.[45]

(ii) THE BOOM IN THE PRIVATE CORPORATE SECTOR

With the government not just turning a blind eye but on the contrary nakedly supporting their profiteering, the foreign corporations and their Indian collaborators are having a gala time. The spectacular growth of the economy of above 8% over the last five years, 2003-04 to 2007-08, is actually almost entirely a reflection of the growth of the private corporate sector.

But considering that the government has taken no measures to increase the purchasing power of the vast majority of the population who are living in abysmal levels of poverty, where is the demand coming from? Does this growth in any way reflect a growth of the entire economy? We take a look at the various measures taken by the 'government of the upper classes of India' to promote GDP growth.

a) Promoting distorted development

In the economics promoted by Milton Friedman and other quislings of the MNCs and dutifully adhered to by their Indian surrogates, rise in profits of the big corporations is good for the economy. Corporations can only earn profits if they are able to sell their goods. As discussed in Section (IV ii c) later, only a very narrow section of the Indian population constitutes the market for big corporations, only it has the purchasing power to buy their goods. Therefore, the Indian government is promoting the kinkiest kinds of industries to boost the profits of the big business houses, with absolutely no concern for their consequences on the common people.

Luxury industries: There has been an explosive growth in luxury consumption industries – airlines, automobiles, high-end mobile instruments and services, a multitude of other electronic gadgets, furnishings, designer clothing, malls, five-star restaurants and hotels, jewellery, art galleries. Sales of super luxury industries meant exclusively for the Richie Rich – private jets costing $ 20-50 million each, luxury cars costing Rs. 2-50 million each, exclusive residential complexes, and so on – have also shot up.

Medical tourism: Corporate hospitals oriented towards providing five-star treatment to foreign citizens have mushroomed. More than 1.75 lakh

medical tourists visited India in 2005; according to a CII report, this industry could soon be worth Rs.23,000 crores. Recently, the dental tourism industry has also started growing.[46]

Clinical research: Multinational companies are versatile; they have found a way in which the Indian poor can contribute to India's economic boom – by hiring out their bodies for trials of new drugs. The government has given the go ahead for transforming India into the world's largest clinical Petri-dish, it is also giving this industry tax exemption. [47] Life in India comes cheap; even if the drug trial fails and the patient falls sick or even dies, hardly any compensation needs to be paid; the consulting firm AT Kearney actually says that India is a preferred destination for outsourcing of clinical trials for the pharma industry *because of the naivety of its people*! Multinational pharma companies are hoping to save as much 60% of the costs by offshoring clinical trials to India, and so MNCs are rushing in.[48] A leading consulting firm to the health care industry is expecting an investment of $2 billion in this sector by 2010.[49]

Robber capitalism: The tribal districts of the states of Orissa, Jharkhand and Chattisgarh are home to much of the country's forests and minerals. A fascist reign of terror has been unleashed on the people of these states, in order to drive out the people and seize control of their lands, cut down the forests, and hand over tens of thousands of acres of land to foreign and Indian corporations to set up mining projects, and huge steel and aluminum plants. Real estate speculators are also participating in this huge land grab to set up IT parks, golf courses and five star hotels. Investments to the tune of lakhs of crores of rupees are expected into these poor rich states.

Urban Real Estate: The country has the potential of attracting billions of dollars of FDI for setting up hotels, airports, malls, and other urban infrastructure in its urban areas – profits are huge, the growth of real estate rentals in many Indian metro cities was among the fastest in the world. US financial companies have already shown keen interest to invest in this sector. A case in point is Mumbai. The US consultancy firm McKinsey has recommended that the city has the potential of becoming an international financial centre if sweeping changes are made in the city's infrastructure.[50] But for that, land is needed. Where does that come from? The palatial houses of the rich cannot be touched. The only alternative is to evict the poor from the slums, which occupy a considerable portion of Mumbai's land. The poor are expendable – they do not consume much, and so do not contribute to the country's growth rate. And so they are being bulldozed out. The city is now being reserved for the stinking rich.

Special Economic Zones (SEZs):

These are simply scandalous. In the name of providing an 'internationally competitive business environment', investors in the SEZs are being given the most amazing concessions: no import duties; no controls on imports and profit repatriations; 100% tax holiday for 5-10 years; permission to set up hotels, residential complexes, malls, golf courses, etc. on as much as 75% of the SEZ area.[51] The government has gone to the extent of shamelessly declaring that these areas will be considered as *foreign territories* for the purpose of trade operations, duties and tariffs – the foreigners now no longer have to come with arms to win trade concessions! According to the Finance Ministry, the revenue loss due to these tax concessions is going to be 90,000 crores over the next four years alone!!

Labour laws and environmental laws will not be applicable to these zones. The Development Commissioner of the SEZ will function like a virtual dictator of the area[52] – Indian democracy will end at the border of these zones!

It is "one of the greatest land grabs in modern Indian history," says Sumit Sarkar, an eminent historian and writer, who recently retired from Delhi University. "India has never before witnessed the transfer of hundreds of thousands of hectares of agricultural land to private industry. Nor probably has any other developing country."[53] Till recently, even the land for these SEZs was forcibly being acquired by the government from the local farmers by paying them a fraction of the market price – till the heroic struggle of the Nandigram peasants forced it to modify its land acquisition policy.

b) Outright transfer of public funds to the Private Sector

The political parties have given up all pretense of ruling the country on behalf of the entire population. They are openly running the economy for the benefit of the big corporate houses. We have seen above that they are handing over control of public sector enterprises to these corporations at throwaway prices. The government has deliberately pushed the public sector banks into doling out thousands of crores of rupees of credit to the upper classes to fuel a consumption and housing boom. The poor are being evicted at government costs so that the rich can invest in real estate. Entire villages are being uprooted by government funded goons so that corporations can extract the mineral resources below their lands.

The 'Ministry for Transferring Public Wealth to the Corporate Sector' (also known as the Finance Ministry) keeps coming up with ever more innovative methods of doing its job well.

The simplest way is giving it direct subsidies. Of course, since subsidies are supposed to be given only to the poor, the subsidies to the rich are called 'incentives'. For instance, subsidies to exporters are called 'Export promotion schemes': in 2005-06, they amounted to Rs. 40,000 crore rupees.[54] Corporate houses are given tax holidays, excise duty concessions, cheap power, cheap land, and what not – to 'motivate' them to develop infrastructure. State governments are trying to outdo each other in providing land, water, electricity and other infrastructural facilities at subsidized rates to business houses to get them to invest in their states.[55] Tatas were given a subsidy of Rs.850 crores by the West Bengal government to manufacture Nano.[56] Now Modi is offering Tatas land at cheap rates, concessional power tariff, god knows what all concessions in infrastructural facilities, and a loan of Rs.9570 crore rupees at an amazing 0.1% simple interest rate – which is triple the amount of money Tata needs to set up the car plant! This information was leaked. Modi has ordered an investigation into the leak…[57]

Then, there are roundabout ways. The government is inviting foreign and Indian business houses to invest in infrastructure (electricity, railways, roads, ports, airports, irrigation, urban and rural water supply and sanitation) through what it calls "public-private partnerships" or PPPs. Herein, not only is the private partner guaranteed a minimum rate of return on its investment (the government making up for any shortfall in profits), the investment money is also provided by the government in the form of long term loans at concessional rates.[58] What a partnership!

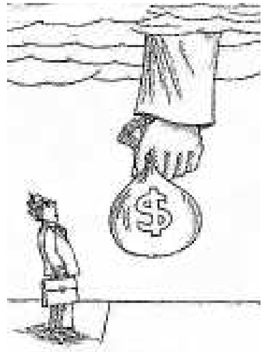
c) Triggering a consumption boom by the upper classes

By far, the most important reason for high growth rates during the period 2004-08 was a consumption boom by the country's rich and middle classes.

The media is full of reports by intellectuals claiming that globalization has led to a huge increase in the size of the Indian middle class, and that it today comprises around 20-25 crore people. But this is simply not possible. According to the NCEUS, more than three-fourths of the population is living on Rs.20 or less a day. It terms these the "poor and vulnerable" sections of the population.[59] According to the NSS 2004-05, about 89 percent of the population spent less than Rs.37 per day.[60] Obviously, the middle class and the rich cannot constitute 20-25% of the population, cannot be 25 crore strong.

What then is the size of the Indian middle class? From NSS 2004-05 data, it can be estimated that the middle classes, with a reported daily expenditure of Rs.93, comprise roughly 4 % of the population. Add the really wealthy to this, who constitute roughly 2% of the population, and that makes it 6% of the population.[61] This is also corroborated by the international consulting firm McKinsey. It uses a figure of 5 crore for India's middle class, that is, less than 5 per cent of the population.[62]

Even though these middle classes – rich – super rich constitute such a narrow segment of the Indian population, in absolute numbers their number is significant. In recent years, the Indian government adopted a number of policies to set in motion a boom in the consumption of goods and services by these 5-6 crore people – this in turn triggered an industrial boom, and this is one of the most important reasons for the boom in the Indian economy during the last five years, 2002-03 to 2007-08. Obviously, any such boom which is not based on increasing the purchasing power of the vast sections of the Indian people who live in the most appalling conditions is not going to be very sustainable, and is not indicative of a healthy economy. But then, in today's era of globalization, the ruling classes are no longer interested in the long term growth of the economy, they are only interested in earning maximum possible profits in the shortest possible time. With this comment, let us take a look as to how the Indian government managed to stimulate a consumption boom by the upper classes.



1) Learning from the artificial boom triggered by their big brother – the United States – the Indian government prodded the public sector banks to dole out enormous volumes of credit to the middle classes and the wealthy. The share of personal loans in total bank credit almost doubled from 12.2 per cent during 2000-2001 to 22.3 per cent in 2006-07.[63] It is this explosive growth in bank credit that is mainly responsible for the post-2002 industrial recovery. It stimulated the industrial boom in a number of ways:

- More than 50% of the personal loans in 2007 were housing loans.[64] It led to a boom in investment in housing and real estate.
- This real estate boom in turn spurred a growth in demand for construction materials, and thereby led to a boom in sectors such as cement, steel, tiles, glass, various types of fittings (electrical, plumbing, furnishing), elevators, and consumer durables such as fans, air conditioners, and kitchen ranges.
- Another type of debt-driven consumer spending promoted by banks was through an explosion of credit card lending. The total value of credit card transactions in 2007-08 was around Rs.58,000 crores, a 40 per cent increase over the previous fiscal year.[65]
- Finally, and equally importantly, it triggered an automobile boom. 89% of the new cars purchased in 2006-07 were bought with credit; that year, outstanding bank credit for purchase of cars and two-wheelers was Rs.109,000 crores.[66]
- All these in turn led to a boom in industries like metal and chemical industries which feed consumer durables and automobiles industries.

2) Helping along this boom in luxury consumption and housing was the stock market boom. This was triggered by massive inflow of speculative capital into the country (we discuss this in Part VI). Net speculative capital flows (also known by the more sober name of FII capital flows) into India started to rise significantly in 2003, averaging just under $9 billion a year during 2003-06. And then they simply exploded in 2007 – in just the first ten months of 2007, the inflows reached $18.6 billion. It

is these inflows that drove the stock markets to crazy levels.[67] The Sensex doubled in less than 18 months: from 10,000 at the time of closing on June 21, 2006, it closed above 20,000 on December 11, 2007. (Which is why the moment the FIIs started pulling out their investments in India in 2008, the stock market collapsed.)[68] The doubling of the Sensex had nothing to with 'strong fundamentals' of the economy, as was being touted by the media and the government. All that had happened was that enormous amounts of fictitious money or paper money had been created, which would vanish once the stock market fell. But meanwhile, while the going was good, it led to an increase in the incomes of the middle classes who were in raptures over the stock market boom, and were wildly investing even their savings in the stock markets. This temporary increase in their incomes undoubtedly also helped the consumption boom.

3) Another factor helping industrial growth was the stimulus provided by exports. In recent years, apart from traditional exports like textiles, leather, gems and jewellery, there has been some diversification in India's exports with exports of chemicals and engineering goods also seeing significant growth. Given the narrow market in India, apart from luxury consumption of the rich, any industrial growth can only base itself on exports. Again, this is not the sign of a healthy economy, and only indicates distorted growth.

(iii) COLLAPSE OF SMALL SCALE INDUSTRY

In order to promote small scale industry (SSI), the government had reserved many items – such as toothpaste, footwear, garments, ice cream – for production in the small scale sector. And so, over the years, it expanded to occupy a very important place in the country's industrial sector: 95 per cent of all industrial units in India are in the small scale sector; this sector accounts for 49% of manufacturing output and 80% of employment in manufacturing in the country; and finally, 34% of the country's exports are from these units.[69] The Third All-India Census of Small Scale Industries, 2001-02, released in 2004, estimated the total size of the small scale sector to be roughly 1 crore units (both registered and unregistered). It employed roughly 2.5 crore people.[70] Clearly, after agriculture, this is the most important sector in the country.

Now, bowing to pressure of foreign corporations, all reservation and concessions for small scale industry has virtually ended. Subsidized credit available to this sector is also being phased out.[71] And so, except for certain areas like export oriented industries and ancillary industries of the private corporate sector, this sector is virtually being decimated. Lakhs of SSIs have closed shop. The Third Census of SSIs found that of the 22.6 lakh registered units surveyed, 39% or 8.87 lakh units had shut down. Taking the figure of 4.48 persons employed per unit on the average in this sector as mentioned in the Census, this means nearly 40 lakh workers have lost their jobs due to these closures.[72] Another 15 per cent have gone sick.[73] The recent economic slowdown has hit the small scale sector particularly hard. According the President of the Small and Medium Enterprises Chamber of India, in 2007-08, about 1.14 lakh SME industries became sick, and the number is likely to increase next fiscal.[74] Globalisation is not leading to development; it is leading to de-industrialisation of the country.

(iv) IMPACT ON THE UNORGANISED SECTOR

Of the country's workforce of 45.9 crores, just 2.6 crores or less than 6% are in the organized sector (according to NSS figures of 2004-05).[75] The bulk of the country's working people work in the unorganized sector – it comprises of subsistence farmers, agricultural workers, small plantation owners (like rubber growers), fisherfolk, dairy workers and the like, and those working in traditional manufactures like handlooms. Globalisation is threatening to destroy the very livelihood of these many crores of working people.

The handloom sector provides employment to around 2 crore people directly; another sixty lakhs are employed in the powerloom sector. As a result of globalization, this sector is slowly dying a slow death; unable to provide their families with even one meal a day, weavers are committing suicides.[76]

Millions of fisherfolk & fishworkers are the mainstay of the fish economy of India. Betraying them, successive governments have been granting permits to big mechanized foreign fishing trawlers to fish in Indian waters, threatening the livelihoods of these traditional fisherfolk.[77]

96% of India's retail trade is by unorganized retailers. It is estimated that nearly 4 crore people are employed in the country's 1.2 crore retail outlets, most of which are less than 500 square feet in area.[78] The government is gradually relaxing controls on entry of giant foreign retailers and Indian corporate houses into this sector. Lakhs of small shopkeepers will be rendered unemployed. They don't stand a chance – the annual global sales of Wal Mart, the world's biggest retailer which is setting up malls in India in collaboration with Bharti Enterprises (the telecom giant), stood at $285 billion in 2005[79]: this is more than the total retail sales of all of India's 1.2 crore retailers, which is estimated to be between $205 - 250 billion.[80]

(v) IMPACT ON AGRICULTURE

The Imperialist Agenda

This is the sector that concerns the maximum number of Indian people, as it employs the bulk (nearly 60%) of the workforce. The imperialists have launched a vicious offensive to seize control of Indian agriculture and remould it to suit their interests.

The advanced countries mainly located in cold temperate regions cannot produce tropical crops at all. Their agriculture is characterized by huge overproduction of cereals, fatty meat and dairy products relative to domestic consumption. The fertile lands of India, even more so than other third world countries, produce a very wide range of crops, and that too, throughout the year. We produce not only the crops and fruits grown in the temperate lands of Europe in our Himalayan regions, but also the typically tropical crops, which cannot be grown at all in advanced countries.

And so the US and the European Union are seeking to export their huge surpluses of foodgrains to India – which is possible only if foodgrain production in India is curbed – and import fruits and vegetables from us.[81] Just as in the days of the British Raj – in the half century before Indian independence, per capita foodgrains output fell by nearly 30 percent while export crops grew ten times faster than foodgrains.[82]

The overwhelming majority of Indian peasants are small and middle farmers who indulge in sustenance agriculture – they mainly produce foodgrains for self-consumption; only a small proportion of their production is for sale in the market. The imperialists want to take control of their lands, and set up huge farms producing fruits and vegetables for export – then they will also be able to export their foodgrain surpluses to India. For that, Indian agriculture must first be destroyed, so that the peasants are forced to sell off their lands.

Another consequence of this remoulding of Indian agriculture will be that India's self-sufficiency in food will be destroyed, and we will become dependent on imperialist countries for food supplies. Since food is one of the most fundamental of all necessities, the imperialists will gain a vice-like grip over the Indian economy – they can then impose any condition they desire.

Its Dutiful Implementation…

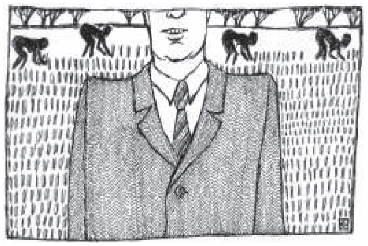
The Indian ruling classes are dutifully implementing this ruinous imperialist project.

The government has drastically reduced capital investment in agriculture, rural development, irrigation and flood control, special area programmes and village and small scale industry. Of these, the first three are the traditional areas of public planned development expenditures in rural areas, and are vital for maintaining rural productivity. The last two, important for generating rural employment, have assumed importance since the drought year 1987. Together, all these five plan heads can therefore be called Rural Development Expenditures of the government, or RDE. The total spending of the government of India on RDE as a percentage of Net National Product (NNP) declined from an average of 3.8% during the late 1980s to 1.9% in 2001-02, that is, it came down by half! Including government expenditure on infrastructure (that is, energy and transport), this came down from 11% during the 7th Plan (that is 1985-90) to 5.8% in 2001-02, that is again by half! [83] This, in a country where even today, over 60% of the farmers have no irrigation; and where soil erosion affects 45% of the country's farmlands[84]. Expecting the country's small farmers to invest in irrigation canals, soil improvement, research for increasing agricultural output, and other areas of agricultural development is simply stupid. Likewise, infrastructure investment such as rural power projects, roads, bridges, school buildings, clinics and so on, are never undertaken by private investors but are vital for stimulating rural development and provide livelihoods to those employed in building them. Utsa Patnaik estimates that in constant 1993-4 prices, about Rs.30,000 crores less was being spent on RDE and infrastructure by the end-decade year 1999-2000, compared to the beginning, 1990-91. A crude point-to-point comparison would suggest an annual income loss of between 120,000 to 150,000 crores of rupees assuming a multiplier value between 4 and 5.[85]

As if this was not enough, the credit provided by banks to the agriculture sector is also declining – it has fallen by nearly half, from 13.8 % in 1990 to 7.2 % in 2003.[86] And so, farmers are becoming more and more dependent on local moneylenders for their credit needs, who charge exorbitant rates of interest.

The WTO Agreement on Agriculture signed by India and other indebted third world countries is heavily loaded in favour of the developed countries. Under this absurd agreement, the underdeveloped countries have to reduce their already low level of farm subsidies, while the developed countries have been able to continue their subsidies to farmers. The developed countries pay a whopping $500 billion in subsidies to their farmers. In contrast, India provided about $1 billion in subsidies to its 55 crore farmers in 2001, and it is supposed to eliminate even this miniscule amount under World Bank-IMF conditionalities.[87] And so, the Indian government is reducing its already low subsidies to agriculture. Costs of all farm inputs, from seeds to fertilizers, electricity, diesel, and irrigation water, are rising sharply.

The last nail in the coffin of Indian agriculture is import liberalization. The imperialists have arm-twisted the Indian government into opening up its markets to the highly subsidized agricultural imports from the West. Between the triennium ending 1993-94 and the triennium ending 2003-04, the volume of imports of crude rubber grew by 126 per cent; of raw cotton by 536 per cent; and of edible oils by 2,379 per cent. Imported edible oils constituted a few percentage points of domestic consumption in the mid-1990s; they now make up nearly half.[88]



Simultaneously, the government has signed an "US-India Knowledge Initiative on Agricultural Education, Teaching, Research, Service and Commercial

Linkages" (or, AKI). This will identify priority areas of research and oversee its implementation. The AKI board includes, apart from government officials of both countries, representatives of the giant US corporations Wal Mart, Monsanto and Archer Daniels Midland Company. The first one, as mentioned earlier, is the world's biggest retailer; the second, Monsanto, is the world's largest provider of patented genetically modified seeds; and the last one is one of the biggest agricultural processing companies in the world. Neither the Indian Parliament, nor the agricultural scientific community in the country, were taken into confidence while signing this agreement.[89] It is obvious, the real aim is to hand over the reins of our agricultural research and the future orientation of India agriculture to the multinational agri-business corporations of the USA.

Destruction of India's Food Security

The result of all these measures, especially cutbacks in public investment, is that growth of agricultural GDP has plunged, from 3.3 per cent per year during the period 1980-95 to just 2 per cent per year during 1995-96 to 2004-05.[90] More importantly, growth in yields of all crops – cereals, coarse cereals, pulses, oilseeds, sugarcane, fruits and vegetables – has plummeted, and in some cases has turned negative.[91] This is affecting our country's ability to feed itself: in the 1990s, both foodgrain and non-foodgrain production growth rates have sharply declined and fallen to below the population growth rate for the first time since the green revolution days, despite the slowing down of the population growth rate (see table). More disastrously, during the period 2001-05, the foodgrain production growth rate actually collapsed to zero! Even during the half century before independence, India's foodgrain output had been growing at 0.11 %!![92]

Table 1: Growth Rates of Agricultural Output in India[93]

Period	Foodgrains	Non-Foodgrains	All Crops	Population
1980-81 to 1989-90	2.85	3.77	3.19	2.1
1990-91 to 2000-01	1.66	1.86	1.73	1.9
2000-01 to 2005-06	0.00	n.a	n. a	1.8

The sharp decline in agricultural growth rate has caused the annual per capita foodgrain availability / absorption (a rough measure of consumption)[94] in the country to fall steeply to what it was 50 years ago. Foodgrain availability in the country had increased from 152 kgs per head per year in the early 1950s to 178 kgs during the end of the 1980s. With the beginning of globalization, it had fallen back to 153 kgs annual average during the period 2001-04. Forty years of effort to raise foodgrain availability has been wiped out in a mere dozen years of economic reforms. The average Indian family of 5 is today eating 115 kgs less of foodgrains per year than in 1991.[95]

Successive Indian governments since 1991, in their desire to create conditions for rapid increase in incomes and wealth of the Indian elites, are pushing the country towards a full-scale colonial-era famine.

Imperialist Strategy Succeeds…

No problem, say the globalisation theorists – the decline in foodgrain production can be met by resorting to imports. Accordingly, the Indian government imported 55 lakh tons of wheat in 2006.[96] It was the first time wheat had been imported by India in this century! The MNCs who control the wheat exports of the developed countries promptly jacked up prices, and we imported wheat at a whopping $207 a ton or Rs. 9.30 per kilo – it translated into windfall profits of about Rs. 5100 crores for grain corporations like the Australian Wheat Board, Glencore, Toepfer, Cargill, etc.[97]

The Inevitable Consequence: Farmers' Suicides

In the face of this multi-pronged assault on their livelihoods, India's peasantry is being ruined. Farmers are sinking deeper and deeper into debt. According to an official survey of farm households carried out in 2005, nearly 50 % of farmer households were in debt. The survey also found that one-third of the indebted farmers had borrowed from private moneylenders[98] – who of course can charge interest rates of anything from 24% to even 100%. The vast majority of the country's population living in India's villages is indeed returning to the days of the British Raj!

18 years of battering by hostile policies have driven even the hardy Indian peasants into such depths of despair that they are committing suicides in droves. The total number of farmers who have taken their own

lives during the last decade is simply shocking – it is *more than 1.5 lakhs*![99]

While farmers are thus being driven off their lands, corporate houses have been given the green signal to enter Indian agriculture. Under arm-twisting by the Centre and the World Bank, most state governments have amended their Agricultural Produce Marketing Committee (APMC) Acts on the lines of a model legislation proposed by the Centre. This allows companies like Cargill, PepsiCo, ITC and Reliance to enter into agreements with farmers to directly procure crops from them, and also allows for contract farming.[100] These giant corporations have already entered into contracts with tens of thousands of farmers, to produce fruits, vegetables and flowers for the world market. Since globalization began in 1991, more than 80 lakh hectares of food growing land has been converted to growing exportable crops.[101] In the near future, as small farming gets destroyed, corporations will move to directly set up huge farms of their own, as is happening in many third world countries.

The imperialists have Indian agriculture in their claws, and they are succeeding in their agenda – the Indian small farmers are being pushed into poverty, driven to suicides, shoved off their lands, and Indian agriculture is gradually being corporatised, so that the world's best arable lands can feed the rich of the developed countries.

We conclude this section by quoting Edward Goldsmith, the founder editor of *The Ecologist*, and a cult figure of the global environmental movement. In an interview to *The Times of India*, he stated:

"In India, how do you think farmers with less than two or three acres of land will survive… (globalization)? They will not. They will be pushed into the slums, every one of them. And when your farming community goes, so will the small shopkeepers, street vendors, service castes… (who) depend on the farming community. So you will marginalize and make destitute some 600 to 700 million people. Can you imagine the impact of making 700 million people destitute? No one has ever done this in the history of the world."[102]

(vi) FINANCIAL SECTOR REFORMS

The financial sector is the nerve centre of any economy. The public sector banks and insurance companies have played a crucial role in India's development plans. They have mobilised hundreds of thousands of crores of rupees in the form of small savings from the common people, and put them at the disposal of the government for investment in national priorities like agriculture, small industries, housing, rural electrification, development of backward areas, infrastructure, and the like. The deposits mobilized by the public sector banks had crossed Rs.19 lakh crores as on March 31, 2007.[103] The Life Fund of LIC had crossed Rs.6.86 lakh crores, and its Asset Base stood at Rs. 8.03 lakh crores in 2007-08; it had invested Rs 82,022 crores in the infrastructure and social sector as on 31st March 2008.[104]

Which is why the imperialists are keen to seize control of these institutions – so that they can gain control of these huge funds, and use them as per their interests. So they have demanded the privatization of India's financial sector, and the Indian government is duly obliging. The blueprint is ready. The delay is only because of the resistance of the militant and organized bank and insurance sector unions.

Apart from its adverse consequences for the overall development of the economy, privatization of the public sector financial institutions will affect the common people in a more direct way too, with devastating consequences. Read on.

Foreign insurance companies: Crooks, scoundrels, fast operators…

India's public sector insurance companies (LIC and GIC) are amongst the best run insurance companies in the world. For example, LIC's claim settlement ratio, which is the most important measure of the honesty of an insurance company towards its customers, is more than 99%,[105] which is way above the international average of 40-60%.[106] With the privatization of these companies, the chances of they not paying genuine claims on one or the other pretext will be very high – it is because of this that the international claim settlement ratio is so low. Worse, they can also declare bankruptcy and vanish.

We are not exaggerating. Swindling is a common phenomenon in the world insurance industry. Scores of insurance companies in the developed countries have declared bankruptcy, because of speculative investments and unethical practices. In the US, the number of failures reached such scandalous proportions that the US House of Representatives

set up a committee to investigate. Its report submitted in 1990 stated that the US insurance sector was marked by "scandalous mismanagement", and that "Fast operators in the industry are ignoring the rules, creating new schemes to enrich themselves, and walking away unscathed".[107] The situation is no better today – American International Group (AIG), a $1 trillion insurance company, the largest insurance company in the world, was rescued from bankruptcy in September 2008 by the US government by giving it a $85 billion dollar loan. In India too, insurance was earlier in the private sector; it was because the private insurance companies were indulging in innumerable malpractices and even outright swindling that the insurance sector was nationalised.[108] Now, once again, insurance is gradually being privatized, and the swindling has already begun. Lifeline Global, a medical insurer, suddenly shut shop in 2006 – it had thousands of clients in Pune alone.[109]

Private Banks: No Guarantee of Deposits…

Likewise, once the public sector banks are nationalized, there is no guarantee that their private owners will not indulge in financial mismanagement or outright cheating and declare bankruptcy. The East Asian financial crisis of 1997 saw numerous private financial institutions going into liquidation. Some of the biggest private sector banks in the developed countries have collapsed in the last few months (in 2008) – they were all indulging in speculation with people's savings.[110] In India, during the past many years, numerous cooperative sector banks have gone bankrupt because of fraud by their directors, resulting in lakhs of ordinary people losing their hard-earned life savings. However, because of government controls, no public sector bank in India has ever closed down. This guarantee will end, once these banks are privatized. Imagine what will happen if say the Bank of Maharashtra declares bankruptcy and downs its shutters all of a sudden one day!

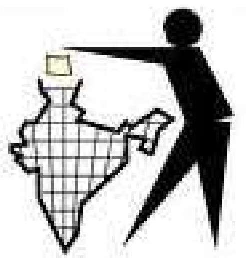
Clive's successors have their eyes set on workers' savings too. So far, the workers' provident fund corpus was managed by the State Bank of India (SBI) on behalf of the government, and it has grown to a huge Rs.2.4 lakh crores. The government has taken the first steps to privatise this. On July 30, 2008, ending the monopoly of the SBI, the government allowed HSBC Asset Management Company, ICICI Prudential and Reliance Capital to share in the

management of this corpus that contains the provident fund deductions from the salaries of about 4.5 crore workers in the government and organised sector.[111] Within a fortnight of this, it announced that from April 1, 2009, private provident, pension and gratuity funds will be allowed to invest 15% of their investible money in stock markets.[112] What happens when the stock market collapses? The recent stock market collapse has led to the disappearance of billions of dollars from pension plans of workers around the world (that is, wherever they are privatized). In the USA, state and local governments' pension funds support some 27 million Americans, and many have lost a fifth of their value this year (2008).[113] The California Public Employees' Retirement System (CalPERS), the largest pension fund in the US and fourth largest in the world, has suffered one of its worst annual declines since the fund's inception in 1932. At its height in October 2007, it had $260 billion in assets, comparable to the GDP of Poland, Indonesia or Denmark. At the end of 2008, CalPERS was worth $186 billion! Tens of thousands of retiring state employees now face the stark choice of accepting much reduced pension checks or working past their retirement age.[114]

(vii) GLOBAL GARBAGE DUMP

In their lust for dollars, the country's rulers have transformed India into a garbage and toxic waste dump of the imperialist countries.

Delhi has become the world's capital for e-waste recycling – a very hazardous industry which contaminates the soil and groundwater, and causes severe health problems to the workers. In the developed countries, recycling is strongly regulated and extremely costly – it is cheaper for them to ship their waste to India. And, a slavish Indian government is allowing them to do so – to the extent that over 70% of the electronic waste generated in the developed world is now coming to Delhi! As an incentive to this industry, the government has deliberately left it totally unregulated.[115]



India is also the toxic waste dump of world shipping. Toxic ships from around the world, contaminated with thousands of tons of deadly chemicals, are brought to Alang in Gujarat, the world's largest ship-breaking yard, to be broken up. The workers come from India's most backward states. Around 60 workers die each year from accidents, hundreds more

are injured, and one in six workers suffer from asbestosis, a killer disease. But scrapping one large ship can mean $10 million, or Rs. 50 crores. That's big money, surely our people are not worth that much. So even the Supreme Court has refused to intervene. "No development is possible without some adverse effect on the ecology and environment," said a court statement last year.[116]

As if this was not enough, the country is also becoming the household waste dump of the developed countries. Recycling rubbish in the developed countries is also a complicated and costly affair – the cost can go up to Rs. 12,000 per ton. Shipping it to India is much less of a hassle, it is also much cheaper – just Rs. 2,800 a ton. And so Great Britain and USA are shipping their garbage to India.[117] Mera Bharat… garbage superpower!!

1000 more Bhopals

In order to lure foreign investors into investing their billions in the country, the government is allowing them to ravage our environment. Foreign MNCs and their Indian collaborators, the big private Indian corporates, are being allowed to cut down entire forests, destroy coastal lands in the name of aquaculture, over-exploit groundwater, pollute our seas-rivers-soil-groundwater-air, indulge in indiscriminate mining, damage the health of not just the living but also of those yet to be born. Here are some examples:

- Most countries, including the European Union and USA, have banned the use of all forms of asbestos, which causes asbestosis and lung cancer. However, under pressure from the local Rs.2000 crore asbestos cement industry, the government of India refuses to ban it, and it continues to be used widely in India. India continues to import nearly Rs. 230 crore worth of asbestos and consume over 125,000 million metric tonnes a year![118]

- Big business houses are constructing and operating factories and mines in blatant violation of environmental laws. Big industries like Vedanta Alumina (Orissa), Sterlite (Tuticorin, Tamilnadu), Jindal Steel (Chhattisgarh) first constructed the factory, then commenced production, and were then accorded backdated permission.[119] Chemplast's PVC factory in Mettur, Tamilnadu, dumps its dioxin-laden toxic effluents into the Kaveri River, polluting drinking water of several villages.[120] Thousands living near SIPCOT chemical industrial estate in Cuddalore, Tamilnadu, are virtually living in a gas chamber.[121] Pollution by Oswal Chemicals (Paradip, Orissa) is devastating lives of over 1 lakh people living around the plant.[122]

- Some of the world's most polluted toxic hotspots are in India. One of these is the Eloor industrial estate near Cochin, Kerala.[123] In the Sukinda Valley in Orissa, one-fourth of the people suffer from pollution-induced diseases. The chemical industry belt between Vapi and Ahmedabad in Gujarat is a toxic nightmare: mercury levels in groundwater are 96 times higher than safety levels…[124]
- The more than 90 bottling plants of Coca Cola and PepsiCo draw out lakhs of litres of groundwater every day, causing water shortages for people; and they dump their toxic wastes in nearby fields, destroying agriculture, causing diseases.[125]
- Indiscriminate industrialization caused the country's dense forest cover to shrink by 26,000 sq.km. during 2001-03.[126] In the late 1990s, India's Central Pollution Control Board found that groundwater was unfit for drinking in every one of the 22 major industrial zones it surveyed; a shocked CPCB chairman D. K. Biswas commented, "The results are frightening…"[127]

Despite the immensity of the environmental crisis, the Ministry of Environment and Forests of India has been trying to push through a series of policy and legislative changes in the Environmental Clearance Process in the country, which will make it even more easier for MNCs to get environmental clearance for dumping their toxic wastes and shifting environmentally destructive projects to India.[128] Dollars, O dollars, O dollars-dollars-dollars…

(viii) EMBRACING THE NUCLEAR ENERGY DEMON

Probably the icing on the cake for foreign companies seeking investment opportunities in India is the Indian government's decision to embrace nuclear energy in a big way. This is expected to provide US and European nuclear power plant suppliers like Westinghouse and Areva a $100 billion business opportunity. These companies have been facing a drought of new orders for nuclear reactors since the Three Mile Island accident in 1979 and Chernobyl accident in 1986. No reactor has been

ordered in the US since 1978, and even that plant was later cancelled, as eventually were all US reactor orders after 1973.[129] Likewise, just 4 reactors are under construction in the enlarged European Union, of which 2 are in Western Europe (Finland and France) – these are the first orders in Western Europe in nearly two decades.[130] And both these nuclear plants have run into trouble with the Finnish and French nuclear safety authorities.[131] The reason why nuclear power is on a decline in Europe and USA is because not only is it exorbitantly costly, it is also a deadly killer…

Even under normal operations, each stage of the long process of generating electricity from Uranium, called nuclear fuel cycle, is deathly to humans[132]:

- Uranium miners and people living near these mines are exposed to radioactive dusts and toxic chemicals – which cause lung cancer, deformities in children, sterility in women. While the mine gets exhausted in a few decades, the radioactive mine waste dumped near the mines will continue to emit radiation for hundreds of thousands of years, causing birth deformities in children, and bone and lung cancers and blood diseases like leukemia among the people living near the mines.
- The nuclear power plant routinely releases radioactive gaseous and liquid wastes into the atmosphere. These wastes contain some terribly radioactive chemicals like tritium (emits radiation for 250 years), strontium-90 and cesium-137(both are radioactive for 600 years). Radiation mutates the genes in the cells of the human body, causing diseases of old age in young, tumours, cancer; it also mutates the reproductive genes, causing birth deformities in future generations. The life of a nuclear power plant is around 40 years, while these wastes will continue to cause disease and death among the people of the region for thousands of years.
- The most monstrous problem is of safely storing the highly radioactive spent fuel from the nuclear power plant, which will remain radioactive for 2.5 lakh years! It is now more than 50 years since the first nuclear power plant commenced electricity generation. No country in the world has come anywhere near finding a solution to this problem. A solution is

just not possible! How do you guarantee that any storage mechanism for storing such deadly chemicals will not ever leak in the future? In France, a permanent site for this waste has already leaked into the groundwater used by local farmers.[133] The underground aquifer has become polluted till the end of time…

Nuclear power plants are also susceptible to catastrophic accidents. Like that at the Cherobyl nuclear power plant, in April 1986. It resulted in several thousand deaths, and contaminated an area the size of Maharashtra for the next 20,000 years.[134] Given the kind of complexities involved, there is no way to ensure that reactors will not have major accidents in the future.[135] There have been so many near-misses in the last many years that it only sheer fortune that another Chernobyl has not happened.[136]

Nuclear power even on paper is one and a half times as costly as electricity from coal and gas. The actual cost is much more, because governments the world over subsidise nuclear power to the tune of billions of dollars.[137]

Despite all these very well known facts, India's traitorous intellectuals have launched an intense propaganda campaign to convince the people that nuclear power is safe, environmentally friendly and cheap. The Indian government has announced plans to set up nuclear plants in a number of places in the country. Probably the world's biggest nuclear power plant is coming up near Jaitapur, in Ratnagiri district (Maharashtra). It is going to be set up by the French company Areva, and is the same reactor whose safety has been questioned by French and Finnish nuclear regulatory authorities. If there is a major accident, Pune will have to be evacuated.

India's rulers have sold their souls to the devil for a price that would have shamed Faust!

(ix) BECOMING AN AMERICAN BULLDOG

India's brown rulers are jettisoning the country's independent defence policy too! They are re-orienting it to make India an American bulldog for the Asian region – the role which Israel plays for America in the Middle East. And so both bulldogs are also cozying up to each other these days.

The US defence establishment has candidly admitted that it views India as a future military partner that can "take on more responsibility for *low-end operations in Asia*, such as peace-keeping operations, search and rescue, humanitarian assistance … *which will allow the US military to concentrate its resource on high-end fighting missions*" (emphasis ours). This report, titled "The Indo-US Military Relationship: Expectations and Perceptions", was commissioned by the Pentagon in October 2002. It also admits to American plans to "eventually seek access to Indian bases and military infrastructure".[138] The Indian agents are wagging their tails in delight; on June 28, 2005, India and the US signed a "New Framework for the Defence Relationship" which outlined an action plan for this.[139]

As a reward for their betrayal, the US offered India's rulers an agreement on nuclear cooperation. It would enable India's ruling elites to justify their close defence ties with the US, and will also enable them to strut around claiming that the US is indeed 'helping' India to become a 'world power'. Two weeks after India signed the above mentioned 'New Framework' for Indo-US defence cooperation, President Bush and Prime Minister Singh announced their intention to enter into a "nuclear cooperation" agreement.[140] While the nuclear deal had to pass muster with the US Congress twice before the agreement was formally signed by Indian External Affairs Minister and his US counterpart on October 10, 2008, the Indian government blocked the deal from being scrutinized by the Indian Parliament. A sad comment on the sanctity of India's highest democratic institution for the rulers of the country!

The Indian Prime Minister has broken all records in obsequiousness and fawning while defending the Indo-US nuclear deal in Parliament. The Bush administration's replies to questions raised by US Congressmen on the nuclear deal were kept under wraps and were made public in September 2008. They reveal that Prime Minister Manmohan Singh has been lying to the Indian Parliament all along! For instance, while Manmohan Singh claimed that the deal will enable India to get sensitive nuclear technologies which will accelerate the industrialization of the country, the Bush letter explicitly states that this is not part of the deal. The Bush letter also states that the deal is conditioned on India not conducting a nuclear test again. Further, once the US terminates the agreement, it will actively prevent other countries from supplying nuclear material to India. On both these points too, the Indian PM has blatantly and repeatedly lied to the Indian Parliament.[141] While we are strongly of the opinion that India should not conduct a nuclear test, this is a sovereign decision which is for the country to take, it must not be made under pressure, the US has no right to bully us on this. But on this issue too, India's rulers are getting Yankee-kicked.

The implementation of the action plan to make India a pawn in US hegemonic interests in Asia has begun. US warships are increasingly visiting Indian ports, joint air and sea military exercises are frequently taking place, Indian defence establishments are being thrown open to inspection by US troops…

There is little room for doubt. A new regime has come, willing to bow bhaktifully before Dollar Almighty and the high priests in the White House.

PART V

THE EPHEMERAL BOOM GOES BUST

Despite these enormous costs being paid by the country to keep the wheels of capitalist accumulation moving, over the last few months it is becoming obvious that the Indian economy is slowing down. (*Just to remind our readers, these lines were written in 2008, and we are referring to the recession of 2008-09*). Till just a few months ago, India was being projected as an economic superpower, and it was expected that the growth rate would soon touch double digits. The way the media and the government were putting it, it appeared that growth would go on for ever. Now this euphoria seems to be evaporating.

Officials and commentators are putting all the blame for this bursting of India's growth story on external factors. 'There is nothing wrong with our fundamentals, it is just that there is a global recession' is their explanation. But as discussed in Section (ii) of Part IV above, the post-2002 boom was a distorted boom, it was on a very narrow base. It was not based on increasing purchasing power of the vast majority of the people who are living in abysmal levels of poverty. On the contrary, it was in large measure due to an increase in luxury consumption and housing investment by the rich. This was in turn fuelled by liberal loans given by banks; the stock market boom fuelled by FII inflows also helped it. External

factors like boom in exports also helped it along, but this only further substantiates our argument that the boom was on a very narrow base.

The industrial boom and the boom in India's GDP growth rate during the past five years were therefore not the result of 'strong fundamentals' of the Indian economy. On the contrary, the boom was artificially triggered. Demand was restricted to just 5-6% of the population. Obviously, such a boom cannot sustain for long. After all, how much can the rich splurge! Sooner or later, the debt-driven consumption boom had to saturate, and industrial growth had to slow down. This is precisely what has started to happen from the beginning of this year (2008). That is, well before the economies of the developed countries went into recession. This is borne out by the fact that the Index of Industrial Production (IIP) had peaked in March 2008 and then had fallen quite sharply. Likewise, the production of consumer goods peaked in January 2008 and since then has fallen continuously.[142]

While external factors did not cause the slowdown, they have aggravated it: the economic slump in the developed countries has led to a sharp decline in our exports.

Another factor worsening the slowdown – we repeat, worsening it, not causing it – is the stock market collapse. In calendar year 2007, net FII inflows into India were roughly $20 billion. They sent the stock market soaring. And then, in the first nine and a half months of calendar year 2008, they pulled out $11.1 billion. The stock market collapsed, just as quickly as it had boomed: the Sensex fell from its closing peak of 20,873 on January 8, 2008 to less than 10,000 by October 17, 2008.[143] The collapse of the stock market ended the speculative gains of the middle classes, many found their life savings vanishing because of the collapse, and many are deep in debt.

Given the very low demand in the economy because more than 80% people are living on the margins, let us wait and see what new trick is tried by the government to again trigger a new artificial recovery so that the capitalists can further fatten themselves.

Part VI

ENTRAPPED IN A FINANCIAL WHIRLPOOL

One of the most important components of the World Bank dictated economic reforms is the opening of the economy to foreign investment by what are known as foreign institutional investors or FIIs, which is but a more respectable name for foreign speculators.

The Financial Explosion in the West

The economies of the developed countries have been slowing down since the 1970s – a consequence of the inherent logic of monopoly capitalism (which we cannot discuss here for lack of space),. As the stagnation has deepened, investment opportunities for the massive amounts of capital accumulated with the MNCs have dried up.

This led to a strange phenomenon – a financial explosion. Giant corporations as well as banks and financial institutions began pouring hundreds of billions of dollars into the stock markets. Not into new shares, because there were none – because of the stagnation, capitalists were not setting up new factories. So, investors poured in their billions into purely speculative transactions. They began buying shares of existing companies, in the hope that the share prices would go up and they can then sell at a profit. All kinds of new financial instruments were created – like futures, options, swaps, and so on – for investors to invest for speculative gains.[144]

This financial explosion has today taken on gargantuan proportions. The amounts involved are simply mind-boggling, of the order of many trillions of dollars. According to the renowned US scholar Noam Chomsky, more than 95% of the international financial transactions today are purely speculative in nature[145], meaning they have nothing to do with the real, productive economy: they do not create jobs, have nothing to do with production of goods and services, do not benefit the ordinary people in any way.

The developed capitalist countries have become casino economies. Instead of the production system being served by a modest financial adjunct, a greatly expanded financial sector has now achieved a high degree of independence and sits on top of the underlying production system. And with the corporations of the developed countries expanding to dominate the global economy as a result of globalisation, the outgrowth of MNC capital – speculative capital – now dominates the globalised world economy too!

Growing Dependence of Indian Economy on Speculative Capital Inflows

Globalisation of the Indian economy had been undertaken because it was seen as a solution to the foreign exchange crisis gripping the country in 1991.

However, as we have seen in Part III above, while it has temporarily provided succour, in the long term it has only created conditions for a further worsening of the crisis. The external debt has nearly trebled, to $221 billion. The trade deficit ballooned to $90 billion in 2007-2008.

The government has been partly moderating the growing deficit by remittances from Indian people abroad, and by software exports. (Note: Software export figures are not included in foreign trade statistics by the RBI; in the balance of payment tables, they are included under the heading of “Invisibles”.)

One way of covering up the remaining deficit is to open up the economy to foreign investors willing to bring in dollars and invest in the production of goods and services in the country – called foreign direct investment (or FDI) inflows. But despite the best efforts of the government, which has put up the country’s mineral wealth, agricultural lands, infrastructure (which is mainly in the public sector), even our forests-mountains-rivers-coast on SALE, FDI inflows have been very limited. Furthermore, FDI inflows lead to profit outflows.

And so, the government has been desperately looking for alternate ways of financing this current account deficit. In 1992, it opened up the economy to speculative capital inflows from the developed countries. Since then, these inflows have simply soared. It is these huge inflows which are responsible for the country’s booming foreign exchange reserves, which had crossed $300 billion early this year.

To illustrate, during the period April-December 2007, the trade deficit was $66.5 billion. But due to receipts of more than $50 billion, mainly led by remittances from overseas Indians ($13.8 billion) and software services ($27.5 billion), the current account deficit for this period was $16 billion. This deficit was financed through capital inflows. But these inflows were far more than this deficit: net capital inflows during the first nine months of financial year 2007-08 amounted to $83.2 billion, of which portfolio capital flows constituted $33 billion. These capital inflows led to a sharp rise in foreign exchange reserves of the government of India, by as much as $76 billion.[146]

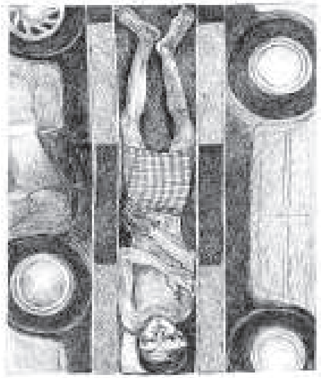
To entice these highly volatile capital inflows into the country, the government is gradually relaxing all controls on these inflows. Some time ago, it even allowed the notorious 'hedge funds' to enter the Indian market. To keep the speculators happy, it is giving them the most outrageous concessions. For instance, the government has entered into a Double Taxation Avoidance Treaty with Mauritius, wherein investors routing their investments into India through Mauritius do not have to pay any taxes on their huge profits in India (and not in Mauritius also, as capital gains are exempt from taxes there)![147]

Heading into another Financial Collapse

The FIIs can pull out their capital at the tap of a computer key. Even the normally conservative *Times of India*, which supports the reforms every inch, was constrained to warn in an editorial some time ago: "India's trade deficit is no longer in the comfort zone… the Economic Advisory Council of the government pegs the current account deficit, or the sum of trade deficit and remittance flows, at… about $18 billion. India depends primarily on its $10 billion net foreign institutional investment to plug the gap. While FII inflows are likely to increase over the years owing to rising confidence in the Indian economy, they should not be relied upon to plug the current account deficit. FIIs can pull out large sums of money just as easily as they invest."[148]

This is precisely what has been happening over the past six months, raising the specter of a financial collapse similar to 1991 once again.

In the first half of the current financial year (Apr – Sept, 2008), the trade deficit further accelerated by 53%, as compared to the same period last year.[149] October brought more bad news. Because of the global economic slump which is deepening by the day, exports which had grown



by 30% during the first six months of this year have not just slowed down but declined, by 15% in October 2008 (as compared to the same month last year)![150] Even by conservative estimates, the trade deficit is expected to cross $125 billion this year!![151]

An editorial in *The Hindu* admits: "Unlike in the past, remittance and service export earnings have not helped in moderating the deficit… earnings from exports of software and a variety of other services are expected to be less consequent on the slowdown in the United States."[152]

The FIIs are understandably worried. They have started pulling out their money. In the last six months, our foreign exchange reserves have fallen by $63 billion. Considering that India still has $246 billion of forex reserves, this should have been no cause for worry.

But as we have mentioned above, FIIs can pull out their money just as easily as they invest. Our forex liabilities are rapidly going up. Of India's external debt, at least $80 billion is expected to mature within the next year.[153] Add to this our ballooning trade deficit, of $125 billion (estimated, for 2008-09), and it is obvious that if the FIIs pull out another $100 billion, the Indian economy would be on the verge of external account bankruptcy once again.

While government spokespersons continue to put up a brave face and claim that the economy is very sound, the reality is that the Finance Ministry is desperately looking for additional ways of boosting the country's dollar reserves. On November 23, 2008, the *Indian Express* carried a front page headline that the government is considering a currency swap arrangement with the US Federal Reserve Bank or the European Central Bank. This will provide the Reserve Bank of India (RBI) with a dollar line of credit which it can tap as and when required. The *Indian Express* approvingly commented: This "(b)oosts foreign exchange sentiments, investor confidence, acts like a second line of defence."[154] The economic superpower is turning out to have feet of clay…

A New Regent in Delhi

Nothing comes without a price. Realising that the Indian economy is in dire straits, the foreign investors and their concubine, the World Bank, are demanding an acceleration of economic reforms.

And so they have sent a new Regent to New Delhi to oversee the implementation of the economic reforms. On November 3, 2008, the government announced the appointment of Raghuram Rajan, a former Chief Economist of the IMF, as the new Chief Economic Advisor to the Prime Minister of India. Rajan had earlier headed a committee set up by the Prime Minister on financial sector reforms.[155] The appointment of Rajan signals that the government is going to accelerate financial sector reforms – privatization of the insurance sector, privatization of banks, giving more freedom to foreign speculators to invest in the country. The very policies that have led to the deepest economic crisis in the United States since the Great Depression. The financial vultures in the United States, who are in deep trouble following the economic slump there, want the Indian government to accelerate the privatization of India's financial sector institutions, so that they can feast on the life savings of crores of ordinary Indians and make multi-billion dollar profits.

A funeral hymn for Swaraj in just 60 years is too treacherous, yet true. What a fall, O fellow citizens! Possibly it was concern for just such a situation that prompted Dr. Ambedkar to speak thus to the Constituent Assembly in his final address:

"On 26th January, 1950, India will be an independent country. What would happen to her independence? Will she maintain it or will she lose it again?

"The point is that she once lost the independence she had. Will she lose it a second time? It is this thought which makes me most anxious for the future. What perturbs me greatly is the fact that not only has India once before lost her independence, but she lost it by the infidelity and treachery of some of her own people."

Unfortunately, the apprehension of the father of the Indian Constitution is proving to be prophetic!

PART VII

IMPACT ON PEOPLE

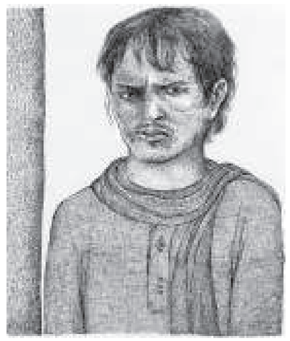
(i) MASSIVE DESTRUCTION OF EMPLOYMENT

Where are the industrial jobs?

During the initial years of globalization, there was some growth in both public sector and private sector employment: total organized sector employment rose by 12 lakhs during the period 1991-96.

However, as globalisation and privatization (that is, closure of public sector undertakings) accelerated, it has led to a massive decline in public sector employment. During the period 1996-2005, total public sector employment declined by a whopping 14.1 lakhs. This, in a sector where during the period 1981-96, more than 39 lakh jobs had been created! The proponents of globalisation would say: that should be no cause for worry, the private sector will more than compensate for the decline in public sector employment. But official figures show that something totally different is happening: after creating 10 lakh jobs during the period 1991-98 (and 13.6 lakh jobs during 1981-98), total employment in the private organized sector during the period 1998-2005 has declined by 3 lakhs! This, despite the GDP growing by over 5% a year![156]

Actually, this should be no cause for surprise. The entry of MNCs into India is forcing the private corporate sector to restructure its operations. Even while their profits are increasing, the big business houses are shedding lakhs of workers. For instance, in 1999, Tata Motors produced 1,29,000 cars with 35,000 workers. 5 years later, while production had gone up by two and a half times to 3,12,000 cars, the number of workers had reduced by one-third to just 21,000.[157] In Bajaj Auto, 23,000 workers were producing 10 lakh two wheelers (scooters and motor cycles) in 1995; a decade later, in 2004, less than half that number (11,000 workers) produced 15 lakh vehicles.[158] The situation is the same with all business houses, from Crompton Greaves to Reliance.



And, as we discussed above, the small scale sector is getting decimated.

The result is that total employment in the entire organized sector (that is, the public sector and private organized sector combined, in other words, in all of India's registered factories) declined so steeply in the late 1990s – it shed more than 17 lakh workers during the period 1998-2005 – that there has been an absolute decline in the total number of workers working in the organized sector since 1991: from 267.3 lakhs in 1991, the number had come down to 264.6 lakhs in 2005 (Table 2).[159]

Clearly, while MNCs create a tiny number of jobs, they destroy many times more jobs.

Table 2: Organised Sector Employment in India, 1991-2005

in lakhs

Year	Public Sector	Private Sector	Total
1991	190.6	76.8	267.3
1998	194.2	87.5	281.7
2005	180	84.5	264.6

The capitalist classes are ruthless in their quest for profits. Taking advantage of the growing unemployment and weakness of the trade union movement in the country, the country's rulers have launched an all-out attack on all concessions granted to the working class. Labour laws are being modified, making it easier for the capitalists to retrench permanent workers, employ contract workers, and outsource a part of their operations to small scale factories working with low-paid daily wage workers. Therefore, not only is total industrial employment decreasing, the quality of available employment is also decreasing. Workers now work for 10-12 hours a day. With no overtime payment. No paid leave. And then, when they reach the age of 40, they are thrown out – the capitalists now no longer need their

tired bodies, there are long queues of fresh, young workers waiting to take their places.

What about the Software and BPO Sector?

Despite all the propaganda being made about the potential of this sector to create millions of jobs, the reality is the exact opposite. The Information Technology or IT sector is composed of two parts: the software sector and the BPO sector. In 2003, they accounted for 490,000 and 160,000 jobs, respectively.[160] That's all. And by the year 2007, the total employment in this sector, despite the massive boom, had gone upto only 16.3 lakhs, according to govt of India figures.[161] Which is one-third of one percent, that is, only 0.33% of the total employment in the country (total labour force in 2007 was 5080 lakhs)! This was before it was hit by the slump in the developed countries.

Destruction of Agricultural Employment

Because of the hurricane that has hit the agricultural sector, employment growth in this sector collapsed to zero – actually 0.02% per year – during the period 1994-2000. This, for a sector that provides employment to nearly two-thirds of the country's workforce. Had agricultural employment continued to grow as in the previous period, it would have created 2.7 crore jobs during this period! [162]

The Net Result: Collapse of Employment Generation

And so, even official data admit that employment generation in the post-globalisation period has drastically fallen. These figures are given in the National Sample Surveys of 1983, 1993-94 and 1999-2000. These figures conclusively show that there was a sharp slowdown in the rate of growth of employment in the Indian economy: from 2.7 % per year during 1983 to 1993-94 to 1.1 % per year during 1993-94 to 1999-2000. The number of new jobs fell from 76 lakhs a year in the earlier period to 35 lakhs a year in the later period (Table 3).[163]

Table 3: Employment Growth in India, 1983 to 2000

	Million person years			Growth per annum (%)	
	1983	1993-94	1999-00	1983 to 1993-94	1993-94 to 1999-00
Workforce	239.6	315.8	336.8	2.70	1.07

Where are the new jobs being created?

Let us also take a look at the kind of jobs being created in the Indian economy. From Table 3, it can be seen that during the six-year period 1993-94 to 1999-2000, a total of 2.1 crore jobs were created. Now, where were these jobs created?

a) 55 lakh 'jobs' were created in very tiny units and home-based manufacturing. When there are no jobs, people are making papads, pickles, agarbattis, potato chips, whatever they can make and sell in the market, to somehow stay alive. Actually, all these people are unemployed. But government data claims that all these are 'manufacturing sector' jobs!

b) Another 40 lakh jobs were created in the unorganized construction sector: where labourers work in terrible conditions, devoid of medical facilities, disability compensation, education for children, and decent housing. Yet, one in six jobs created in India's 'booming' economy are in this sector!

c) The main source of fresh employment was the service sector, where 1.15 crore jobs were created. Within this sector, the biggest share was that of "trade, hotels and restaurants", which yielded an additional 1.07 crore jobs between 1993-94 and 1999-2000. "Trade" includes all sorts of petty vendors; "hotels" includes horribly low-paid jobs in tiny tea shops and eateries.[164]

These then are the kind of jobs being created in the Indian economy since the beginning of globalization. Calling them 'jobs' is actually shameful – they represent people driven to the edges, struggling to somehow earn half a meal a day and stay alive.

The Arjun Sengupta Report

These dismal facts are borne out by the report on "Conditions of Work in the Unorganised Sector" prepared by the NCEUS and submitted to the government of India in August 2007. The report points out that India's buoyant economy as reflected in its high growth rate, high investment and savings rate, and remarkable export growth, has not touched the majority of the Indian people. The report goes on to say: "At the end of

2004-05, about 836 million or 77 per cent of the population were living below Rs.20 per day … without any legal protection of their jobs or working conditions or social security, living in abject poverty and excluded from all the glory of a shining India."[165]

Further Destruction of Employment Due to Economic Slowdown

As discussed in Part V, the Indian economy has started to slow down. The deepening crisis is having a terrible impact on the unorganized workers in the organized sector. Most factories today have a very large number of informal or contract workers. As demand shrinks, every factory is laying off its contract workers. Since they are contract workers, no retrenchment compensation need be paid. Tens of thousands of workers have already been laid off. Likewise, the slowdown in the construction industry has affected construction workers.

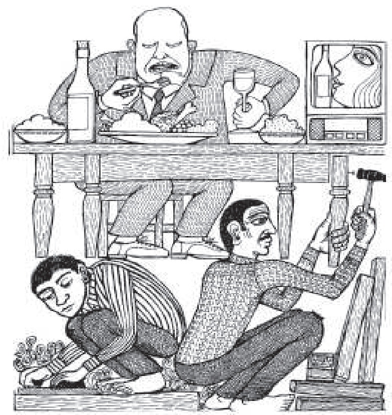
The situation is even worse in the unorganized sector. All sectors dependent on exports are seeing a severe slowdown, and lakhs of unorganized workers are losing their jobs – from workers in the textile industry to diamond cutters of Gujarat.

(ii) WITHDRAWAL OF SUBSIDIES TO THE POOR

India's rulers have given up all concern for the tens of thousands people who die every year from entirely curable diseases due to lack of affordable health care, for the urban poor living in sub-human conditions in the slums, for the tribals dying of hunger in Melghat, for the millions of children who die of diarrhoea every year due to lack of clean drinking water. They are dutifully implementing another World Bank diktat: eliminate all subsidies to the poor.

In the new doublespeak diction of 'globalisation', the thousands of crores of rupees of subsidies to the rich are justified as 'incentives'. A few examples of this largesse doled out to the rich:

- Export subsidies to the tune of tens of thousands of crores of rupees in the name of 'export promotion'.[166]
- Waiver of loans given to the corporate houses by the Indian public sector banks and financial institutions.



According to P. Sainath, Rs.45,000 crores has been written off in the last five years alone. [167] Therefore, it wouldn't be an exaggeration to say that the total loan waivers will easily be more than Rs. 1 lakh crores in the last decade alone. The list of defaulters includes the best known names of the Indian corporate sector. [168]

- Transfer of national wealth to big business houses at throwaway prices: natural resources like oil, mineral deposits, forests and public sector enterprises are simply being handed over to big business houses for them to exploit and mint super-profits.
- Direct tax concessions to the rich: in 2007-08 alone, the total tax revenue forgone on corporation tax, excise duty and customs duty in the name of 'incentives' to corporate houses was estimated at Rs.2.36 lakh crores, which was over half the total revenues actually collected under these heads in that year.[169]
- Indirect tax concessions to big business, in the name of SEZs, public-private partnerships, and so on: total lakhs of crores of rupees.
- Even after these huge tax concessions, the rich do not pay the remaining little taxes they are legally supposed to pay: by March 2008, their total tax arrears amounted to about Rs.39,000 crores on corporation tax and Rs.20,000 crores on customs duty, excise, and service tax![170]

On the other hand, the nawabs of Delhi, following the dictates of the World Bank, are reducing the government expenditures aimed at making available essentials like food, education, health, electricity and water to the poor at cheap and affordable prices. For the blood-sucking vampires who grace the portals of power in Washington, the paltry government expenditures on sick hospitals, dilapidated schools and contaminated drinking water facilities appear to promote parasitism. It is another matter that when 'Free Markets' cause the collapse of giant corporations, as is happening in the USA at present, these very same economists cook up all kinds of justifications for government bailouts of the rich which have so far cost the people of that country more than $2 trillion!

Not only that, all these most essential services are being privatized. Health, education, drinking water, all these are being transformed into instruments of naked profiteering by capital. Being essential services, the scope for profits is huge.

The Prime Minister has made it very clear: "The government is not a dhamashala." If you have money, you can buy Kentucky Fried Chicken, MacDonald hamburgers, Pierre Cardin shirts or Levi Jeans, they are all available in India. If you don't have money, you have the Free Market freedom of either dying of disease or of cold or of hunger, or you may choose to stay alive by either selling your kidney, or your children, or yourself.

We're not making it up. Read on…

(a) Collapse of the Public Health System

As a percentage of GDP, India's public health expenditure is the fifth lowest in the world, even lower than Sub-Saharan countries![171] And so the limited public health system of India was already sick. Now, the patient is being buried. Government hospitals are being privatised. Price controls on medicines are being removed. India's patent law had enabled Indian Pharma companies to bring down the prices of medicines for treatment of AIDS from an astronomical $15,000 (Rs.6 lakhs) per patient per year to just $200 (Rs.10,000) – thus giving the gift of life to more than 7 lakh AIDS patients in the poor countries of Africa, Latin America and Asia. Under pressure from MNC Pharma companies, India's patent law has now been modified, enabling MNCs to sell all new drugs at monopoly prices.[172]

This has forced citizens to bear the brunt of health spending. Households undertake nearly three-fourths of all the health spending in the country, while public spending is only 22 per cent (other sources account for less than 5 %). This means that India has the most privatized health system in the world![173] While the Indian elites boast of India as one of the hottest destinations in 'medical tourism', 21% Indians have given up seeking any kind of medical attention at all – up from 11% a decade ago – because they cannot afford it.[174]

The result is: India is the world leader in neonatal, infant and maternity deaths. According to the World Health Organisation (WHO):[175]

- India accounts for 67% of the infant deaths in the world: every year 21 lakh children in India die before reaching their fifth birthday!
- More than half of these children – 12 lakh – die before they are 28 days old: accounting for 30% of the global neonatal deaths in the world!!
- India has the highest rate of maternal mortality (that is, child birth related) death in the world; of the 5.36 lakh maternal deaths each year in the world, 1.4 lakh deaths or nearly 25% of the total occur in India!!!

Yet, India's thick-skinned elites exult: India is becoming an economic superpower, for it has the fourth highest number of dollar billionaires in the world.

(b) The Joke about Becoming a Knowledge Superpower

While official enrolment ratios in schools for children between age 6 and 14 has considerably gone up in the country, to 80%, the effective enrolment is much less.[176] Even Prime Minister Manmohan Singh admits that more than half the children between the age of 6 and 14 do not go to school. 53 and 34 percent of children enrolled in Class I do not complete Class VIII and Class V respectively.[177]

Way back in 1965, the Kothari Commission had recommended that government allocate not less than 6% of the GDP to education. Actual government spending on education never came anywhere near this figure. And now, ever since the reforms began, in accordance with World Bank conditionalities, successive governments have been further reducing education expenditure. It has fallen from 3.6% of the GDP in 1992 to 2.91% in 2007-08! While the present government claims to have increased its spending on education, in reality as a percentage of the GDP it is lower than 2001-02 (when it was 2.98%).[178]

And so the government education system is on the verge of collapse. A survey of elementary schools in India found that nearly 90,000 schools did not even have a blackboard! Tens of thousands of schools did not have a building!! And over 1 lakh schools were running in a single classroom!!![179]

Despite these grim figures, the scoundrels sitting in Washington want the Indian government to further reduce education 'subsidies'. While doing this, the government must also appear committed to fulfilling its

constitutional obligation of providing free and compulsory education to all children. So, under World Bank guidance, a new scheme is being implemented. Shiksha Kendras (Education Centres) are being opened all over the country. In these 'schools', local women who have studied only up to Class VIII and in many cases only till Class V are appointed as 'teachers' . They are given the exalted name of 'Vidya Sahayaks', 'Shikhan Sevaks', etc. For the salary of one regular teacher, 3 to 5 such contract teachers can be appointed. These untrained 'teachers' often teach many classes simultaneously in a single room. By 2005, 400,000 such teachers had been appointed.[180] What an idea!

In government statistics, children going to these schools are being considered at par with those going to regular schools.[181] Very soon, these Shiksha Kendras will replace regular schools. In Madhya Pradesh, this process has begun – the cadre of regular teacher is being done away with.[182]

Privatisation of Higher Education

The fate of a nation depends upon the education of its people. It is the duty of the state to start as many higher educational institutions as are needed for its people – temples of learning committed to unfolding the mental, moral and spiritual faculties everyone latently possesses. It goes without saying that these institutions should be accessible to even the last of its members.

However, in India, the government is gradually withdrawing from its constitutional obligation to provide egalitarian higher education facilities for the poor. As it is, a government appointed committee on "Financing of Higher and Technical Education" has admitted that the gross enrolment ratio (number of students as a percentage of the youth population of the age group 17-23/18-24) is around 8-9%. The report admits that this is "not adequate for a country that aims at transforming itself into an industrial tiger economy, or in simple words, a developed country". It says that the current enrolment ratio is lower than even many developing countries of the world. While the average high income countries have an enrolment ratio above 60%, it is above 20% in several developing countries like Mexico, Chile, Brazil, Malaysia and Thailand.[183]

Rather than take steps to remedy this situation in keeping with its propaganda of seeking to become an 'industrial powerhouse', the government is further reducing its already paltry expenditure on higher education, resulting in sharp increase in fees in even government aided higher educational institutions. It has also allowed the private sector to enter higher education and convert it into a means of making profits, so much so that even degrees like BA, BCom and LLB have gone beyond the reach of the vast majority of the country's population. And in streams like engineering, medicine and management, private colleges run by freebooting private adventurers have simply mushroomed all over the country during the last few years. They lawlessly charge huge sums of money for admission to these professional courses, putting these courses beyond the reach of all except the mega-affluent. In many of these institutions, the infrastructure and staff are simply appalling, yet they have been allowed to function and enroll students by the country's higher education regulatory bodies..

How can a country which is not concerned with imparting education to the vast majority of its citizens call itself a knowledge superpower?

(c) Worsening Poverty

No jobs, no health care, no education for an increasing percentage of the population. Yet the country's narcissistic intellectuals are churning out academic treatises showing that poverty is rapidly declining in the country. These prizefighters of imperialist globalization have succeeded in reducing poverty in India by so defining the term that it no longer relates to whether or not people get their minimum requirement of calories!

The National Institute of Nutrition's norm is that per person consumption must be at least 157 kgs of cereals per year at the minimum. This is the bare minimum, the average for a healthy population would obviously be much more. However, the official NSS survey of 2004 shows that the average all-India per capita consumption was only 142 kgs that year![184] And this is the average, which means that the poor must be eating much less than even this low level.

These figures are further corroborated by the National Family Health Survey of 2005-06. We have given these figures in the

Introduction to this essay, we repeat them for emphasis: nearly half (46%) of India's children under the age of three are underweight (low weight for age, indicating both chronic and acute malnutrition); 38% are stunted (low height for age, indicating chronic malnutrition), and 19% are wasting (low weight for height, indicating acute malnutrition). Little wonder the United Nations Special Rapporteur on the Right to Food, Jean Ziegler, distressingly stated in Sept. 2006: "India has the largest number of undernourished people in the world and one of the highest levels of child malnutrition".[185]

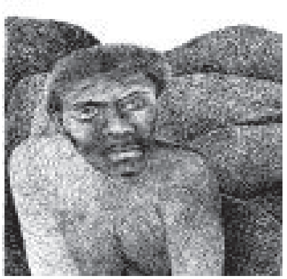
Yet, Rollback of Food Subsidies

Clearly, the poverty situation in the country is actually a national emergency. But the Shylocks are unconcerned, they must have their pound of flesh. The World Bank has asked for a reduction in food subsidies. As a justification, it has come up with the argument that the majority of the food subsidy is siphoned off by the middle classes, so the ration system should identify the really needy and supply them with subsidized foodgrains. The definition of the 'really needy' can then be manipulated to reduce the food subsidy bill of the government. Simultaneously, it wants the government of India to wind up the Food Corporation of India and the public distribution system (PDS), the only means available to the government by which food can be provided to the country's starving millions at subsidized rates![186] India's rulers are dutifully obeying these dictates.

The 'Targeted' Public Distribution System

As a first step, the government introduced the Targeted Public Distribution System in 1996, wherein it introduced two kinds of ration cards, one for those above the poverty line (called APL cards), and one for those it considered poor (BPL cards). In 2000, prices of foodgrains for APL were hiked to bring them close to market prices. As a result these households have stopped buying grain from the PDS.

But this does not mean that all those who are poor have been given BPL cards. Government NSS surveys show that 70.5% of rural households either possessed no card or an APL card – when 87% of the rural households do not earn enough to eat two full meals a day![187] A majority of even those whom the government considers as poor, that is those living below the official poverty line of Rs.365 per capita per month, have not been given BPL cards.[188] Clearly, the real aim of 'targeting' is to wind up the PDS…



With a vast majority of the poor not able to access foodgrains from the PDS, foodstocks with the government of India soared, from 18.7 million tons in December 1997 to 63 million tons in July 2002.[189] Having thus created an artificial surplus, the government now declared that there was overproduction of foodgrains in the country. It became official policy to discourage foodgrain growth and encourage farmers to switch to horticulture, fruits, vegetables, etc. – the imperialist agenda for India! [190]

Driving down buffer stocks

The government now went into an export overdrive: between April 2000 and November 2003, a total of 24.8 million tons of PDS wheat and rice were exported, at subsidized rates – wheat was exported at Rs.4200 a ton (or Rs.4.20 a kilo), and rice at between Rs.5650 to Rs.6000 a ton (or Rs. 5.6-6 a kilo), prices way below prices for APL card holders! It's estimated that the total subsidy paid to exporters would be around Rs.13-15 thousand crores.[191] The World Bank has no objection to this subsidy. Clearly, all the chatter about 'free market' is just hypocrisy.

While crores of people starve in the country, the government is not willing to provide them subsidized foodgrains, but it has no qualms about exporting foodgrains at subsidized prices!

It's absolutely criminal. Do we need to say more to prove that the country's rulers have completely divorced themselves from the common people. It's like we've returned to the colonial days once again, the only difference being that the white-skinned rulers have been replaced by black-skinned ones.

Finally, foodgrain imports

But the story of their betrayal does not end here. The government now began taking steps to implement the next part of World Bank orders – close down the FCI. Due to exports and domestic sales at subsidized prices to domestic traders, food stocks with the government of India came down rapidly; wheat stocks fell (as on April 1, that is, before procurement)

from 260 lakh tons in 2002 to 40 lakh tons in 2005. The figure for April 1, 2005 was thus 1 lakh tons below the buffer stock norm for that date. Yet, in 2005-06, the government allowed private traders and MNCs like Cargill and ITC to buy directly from farmers, while deliberately forcing FCI to reduce its procurement. The FCI procured only 92 lakh tons of wheat in 2006, less than the procurement of 148 lakh tons in 2005, even though wheat production in 2006 was more than the previous year. In 2000, when the crop was the same size as in 2006, procurement had been 206 lakh tons! The result was entirely predictable: perhaps for the first time since the creation of the FCI, private trade held far more wheat than the government.[192]

With PDS and other welfare schemes of the government short of at least 100 lakh tons of wheat, the government now had a justification for wheat imports. In 2006, it imported 55 lakh tons of wheat. The international grain traders, who behave like a cartel, began tightening the screws on the Indian government. They not only forced it to relax its quality norms for wheat imports with regards to pesticide levels and presence of pests, weeds and diseases, they also forced up the prices. The average price at which the government imported this infected wheat was Rs. 9287 / ton. This was much more than the maximum support price of Rs.6500-7000 a ton it had offered to Indian farmers that year. [193] In 2007, the government imported more wheat, at even higher prices, of Rs. 15,000 a ton …[194] The imperialists are succeeding in their agenda of undermining our food security and making us dependent on them for our food supplies!

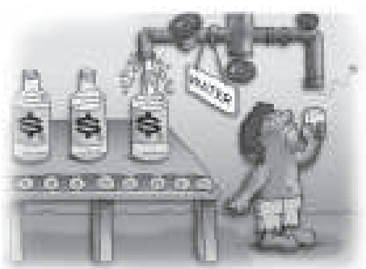
There is more to this story. The imported wheat was meant for distribution through the public distribution system, but its quality was so bad that it resulted in an outcry; and a red-faced government was forced to halt its distribution. In Maharashtra, after putting on hold distribution of an incredible 31,000 tons for over six months, the state government in mid-2008 decided to sell off 18,000 tons at Rs. 6.70 a kg, that is, at less than half the cost of imports, while 12,000 tons was sold off as chicken feed. The remaining 1000 tons, which was so bad that it was not fit for animals too, was buried. The 31,000 tons could have fed more than 3 lakh people for a year! [195] The games of the ruling classes are absolutely head-spinning…

(d) Water Privatisation, Come Hell or High Water

Capital has no morals. It knows no Lakshman Rekhas in its lust for profits. Its ultimate dream is to seize control of the most basic necessities for sustaining human life and transform them into means for earning super-profits.

Unfortunately, it has so far found no way for 'privatising' the air we breathe. But it is succeeding in seizing control of the world's drinking water supplies, and converting them into a commercial good to be sold for profit.

Water privatization was done in a big way in Latin America in the 1990s. Water multinationals from Europe took over the drinking water supplies in many countries, and promptly jacked up water prices, by many times. It gave birth to powerful people's movements, which eventually threw out these water MNCs from Latin America, lock, stock and barrel.[196] Water privatization in Dolphin Coast in South Africa in 1998 led to the country's worst cholera epidemic in history, infecting more than 25,000: millions of poor people simply could not afford to pay the increased water rates, and were, therefore, compelled to find water in streams, ponds and lakes polluted with manure and human waste. [197]



Yet, pushed by the World Bank, India's rulers are taking the country down the same path. Chandrapur in Maharashtra is the first city in the state to privatize its water supply. Water has started flowing from the poor to the rich localities.[198] A 'Pilot Project' is on in Mumbai. A prelude, to water privatization.[199] In 2005, the Delhi government attempted to privatize water distribution furtively. An RTI application exposed its plans, and the residential colonies of Delhi rose up in revolt. The government was forced to backpedal, and put the project on hold; the World Bank, which till then was closely monitoring the privatization, made a complete U-turn and declared that it was opposed to the project![200]

In India, water-borne diseases are amongst the major causes of sickness and ill-health. Privatising the already pathetic water supplies to the poor will have catastrophic consequences.

"Give me your blood and I will give you freedom." This clarion call by Netaji Subhash Bose had galvanized lakhs of people of our country into heroic action. Scarcely would they have apprehended that a mere 50 years after independence, Delhi's moghuls would allow rapacious western corporations to once again ravage our land, plunder our natural resources, suck out the last drop of blood of our people for moulding into dollars…

(e) Inflation

By middle of 2008, another spectre returned to haunt the common man – inflation. It rose to double digits, and remained there for many months. Prices of rice, wheat, jowar, edible oils, tur dal, vegetables, sugar, milk, medicines, diesel-petrol, cloth and other necessities have simply gone through the roof.

Inflation results in the transfer of wealth from the poor to the rich. The rich benefit, as their profits increase with rising prices. However, the poor suffer, especially the overwhelming majority who are in the unorganized sector and whose wages are not indexed to inflation. Even for the organized workers, although their wages rise marginally, it is never enough to compensate for the rise in prices.

Inflation is a necessary byproduct of capitalism. Between 1960–2006, prices in India have gone up by 28 times.[201] But the recent spurt in prices is a direct product of the economic reforms being undertaken in the country, in other words, of capitalist globalization. We outline some of the main factors below:

- **Speculative capital inflows:** These inflows have simply soared in the last few years. These dollar inflows are exchanged with rupees by the RBI, which creates money for this. This increases the money supply in the economy. It is this tremendous increase in rupees in the economy without any corresponding increase in production that is one of the most important reasons for the recent price rise.
- **Destruction of agriculture:** The imperialists are successfully implementing their agenda of seizing control of Indian agriculture and destroying India's food security. The per capita foodgrain production has fallen to less than that during the 1940s! It is this huge decline in

foodgrain production which is responsible for the sharp rise in prices of foodgrains in the country.

- **Destruction of the public distribution system:** Simultaneously, the countrywide system of ration shops is being dismantled. Through these, the government used to supply rice, wheat, sugar and kerosene to the poor at affordable prices; it also enabled the government to keep their market prices under control. Now, while reducing its procurement from farmers, the government is allowing private traders and big agro-business corporations to buy directly from the farmers. Since the government is no longer using its buffer stocks to control foodgrain prices, the agro-business corporations who now hold enormous quantities of foodgrains are in a position to send prices soaring.
- **Privatisation of essential services:** Not only is the government reducing its welfare expenditures, it is also gradually privatizing all essential services, including health, education, electricity, even drinking water. Hence, prices of all these are increasing. This has affected common people very severely; to give an example of the consequences, medical expenses are one of the most important reasons for rising indebtedness of Indian farmers because of which they are committing suicides.

(iii) India Private Limited, Owned by a Few Giant Corporations…

India's rich are in a mad hurry to merge with the world's elite somewhere up there in the stratosphere. The western elite had colonies in the third world to plunder natural resources and generate slave labour. The Indian elite cannot colonise other countries, so are colonizing their own country in a frantic rush to accumulate the maximum possible profits in the shortest possible time. They are commandeering the resources – coal, bauxite, iron ore, water… They also want the land, to make cars, build golf courses, construct villas… And so they have launched an outright war on the people. All possible weapons are being used: friendly court orders, friendly policy makers, 'friendly' corporate media and a trigger friendly police force.

In Chattisgarh, Orissa, Jharkhand, tens of thousands of adivasis are being forcibly moved off their mineral rich lands.[202] Entire villages are being uprooted. The neo-colonialists are displacing tribals on a scale which even the British had not dared!

What about rehabilitation? India's brown rulers are the true disciples of the erstwhile white colonialists. Till recently; the government used a colonial era Land Acquisition Act of 1894 (amended in 1984), to forcibly grab land: all it had to do was to claim that it was being done for 'public purpose', but this could be stretched to include acquiring land for corporates too. Now (in 2007), the government has proposed an amendment to the Land Acquisition Act – not just to make this racketeering easier, but to also legalise it: the amendment widens the definition of 'public purpose' to include corporate commercial interests![203] Under the old Act, as well as the proposed new bill, the government is under no obligation to give the displaced people anything other than cash compensation.

Most tribal people, or let's say most small farmers, have as much use for money as a Supreme Court judge has for a bag of fertilizer. In any case, there is no need to give most tribals even monetary compensation, as most of them have no formal title to their lands! They are simply declared encroachers, and told to buzz off! The few who qualify for compensation, are given a pittance. In Kalinganagar, these few were given Rs.35,000 for land that was later sold for Rs.3.5 lakh and whose market value was even higher.[204] Yet another instance of Free Market economics at work.

This displacement is not taking place in these tribal states alone. It is happening everywhere. Whether dams have to be built on the Narmada, or an IT Park is to be developed in Bangalore, or shopping malls have to built in Delhi, or Mumbai has to converted into Shanghai, or Calcutta has to be beautified, the first move is to take over land from the poor. The bulldozers move in, and simply demolish the houses of the poor.

How many have been displaced? No one knows. The Government collects volumes of statistics every year, on every aspect of the economy. But it does not have a figure for the number of people that have been displaced by big projects or sacrificed in other ways at the altars of 'National Progress'. Isn't this astounding? How can you measure 'Progress' if you don't know what it costs and who paid for it? How does the market put a price on cement or steel or electricity or a highway without taking into account the real cost of production, that is, without taking into account these very real costs?

Many millions are being displaced. That is for sure. What happens to them once they are displaced? Where do they go? How do they live? No one knows. They don't exist anymore.

A great majority of them land up in the slums in cities, to work in the most degrading, dehumanizing conditions. True, they are not being sent to the gas chambers, but their quality of life is not better than Hitler's concentration camps.

Still their nightmare does not end. They continue to be uprooted even from their hellish hovels when the rich want to build wide roads, flyovers, gardens, multiplexes…

To transform Mumbai into Shanghai, the houses of the poor are being bulldozed. Without even a pretense of rehabilitating them. 4 lakh people lost their homes in the brutal demolitions of 2004-05; probably many lakhs more will also have to suffer the same fate. Likewise, most of the city's 300,000 hawkers are being evicted, it is proposed to rehabilitate only 17,000 of them in special hawking zones.[205]

Only the rich have the right to live in this country now. The upper classes are seceding from the rest of the country. It is the kind of secession in which a relatively small section of people become immensely wealthy by appropriating everything — land, rivers, water, freedom, security, dignity, fundamental rights including the right to protest — from a large group of people. It's a vertical secession, not a horizontal, territorial one.

The word 'GDP growth rate' has come to have a sinister meaning for the poor. The upper classes measure their increase in wealth by growth in GDP. For the vast masses, it is a measure of the devastation of their lives…

Part VIII

FOR A SECOND FREEDOM STRUGGLE

Dear friends,

Our country is in grave crisis. The ruling classes are mortgaging the very sovereignty of our country for their interests of profit accumulation.

People are beginning to stir…

The people have not been silent spectators to this gory drama of self-aggrandizement. They have been rising in protest all over the country. Farmers have staged militant protests against seed patents, genetically modified crop varieties, entry of Western agri-business corporations into the country's farming sector, and slashing of agricultural subsidies. Insurance and bank employees have repeatedly gone on walk-outs and strikes against financial sector reforms. Students have protested against fee hikes. Women have organized protests against the increasing commodification of women. Unorganised workers are getting organized in various parts of the country. Tens of thousands of organized workers struck work in the industrial areas of greater Delhi on April 24-25 this year (2008) to protest against worsening labour conditions. People all across the country from Rajasthan and Delhi to Tamil Nadu and Kerala have organized protests against water privatization. Lakhs of fishermen have organized militant struggles against new policies affecting their livelihood. Braving heavy police repression and even firings in which many people were martyred, tribals in Orissa are heroically fighting giant corporations like the Tatas and POSCO (South Korea-US) who are seeking to take over their lands and destroy their livelihoods and the environment of the entire region. The Jharkhandis and Chattisgarhis are similarly fighting fierce battles to prevent their entire region from being ravaged by giant mining corporations. People living around bottling plants of Coca Cola and Pepsico are fighting relentlessly demanding the closure of these companies for depleting the groundwater in their areas. They have even succeeded in forcing the plants in Plachimada (Kerala) and Ballia (UP) to shut down. Traders from Uttar Pradesh to Bihar, Orissa and Jharkhand have organized militant protests against the opening of Reliance Fresh outlets in their states, and at many places, have forced these malls to shut down. The people of Konkan are organizing to

fight attempts by corporations to take over their lands and destroy their environment. The struggle against the attempt by Dow Chemicals to set up a dangerously polluting research centre near Pune has spread to all over western Maharashtra. People in rural areas all over the country have been fighting tooth and nail to prevent governments from forcibly acquiring their lands to set up Special Economic Zones. The most inspiring of all these struggles was of course the heroic struggle of the people of Nandigram, who battled the entire might of West Bengal police and the goondaism of the ruling party and eventually forced the government to back off. Yes, people all over the country are beginning to stir…

But many others are silent…

All these struggles have however not prevented the ruling classes from going ahead with their sordid agenda. At the most, these struggles have slowed down the pace of globalization of the Indian economy.

Clearly, a lot more needs to be done. It is important to deepen our struggles, involve more people in them. It is important to widen the scope of our struggles, broaden our demands. Most important of all, it is important to unite our different struggles.

Apart from the large number of people who are fighting against one or the other aspect of globalization, there are an even larger number of people who are passive spectators to what is happening.

Quite a few of them support this or that aspect of globalization. They have accepted the propaganda being dished out by the media. The media tells us that foreign cars, expressways, shopping malls and luxury consumer goods are indicators of the development of our country, and like robots we uncritically accept it. We seem to have forgotten our own life reality – that to be able to sit in a Mercedes-Benz and drive along an expressway, we must first have the money to buy a Mercedes. The media tells us that privatization will lead to increased efficiency, and we do not ask how will it benefit us: privatization of state electricity boards has led to a many fold increase in electricity prices, privatization of education has sent college fees skywards, privatization of roads has led to high user charges. It is true that the MNCs pay very well to their top executives, but then are we going to get such a job, or are we going to end up working as a daily wage worker in one of their ancillaries? We must look at the world through our own spectacles.

There are also many people who are indifferent to what is happening to the country – people from the middle income groups, students hoping to get well-paid jobs, teachers of degree colleges and universities who have been given decent pay hikes by the government to buy their silence, even people working in banks and insurance companies and public sector organizations who take a holiday when their unions strike against globalisation. Many of us seem to be living in a make-believe world – that nothing is going to happen to our jobs, or that even if we lose our job we would get an equally paying or even a better-paying job. We do not want to draw any conclusions from the fires raging all over the third world. Just a few years ago, the ‘miracle economies’ of South-East Asia went bankrupt. Their booming economies had been touted as proof that globalization if done well can lead to unlimited prosperity for the third world countries. Actually, the boom was a bubble, just like the boom in India of the past few years. In these countries, even highly profitable companies went bankrupt overnight, throwing millions on the streets, including executives, managers and small businessmen – everyone except the top elite; dozens of banks collapsed, wiping out the life savings of millions of common people.

Then, there are also not a few people who, instead of fighting the real enemy, are fighting amongst themselves. The ruling class parties today have nothing to give to the ordinary people – no jobs, no welfare benefits like affordable health care, cheap education, subsidized foodgrains, cheap electricity, nothing at all. On the contrary, they are withdrawing all the benefits given to the ordinary people in the past. So, the only slogans they have when they go to people for votes are that they are the representatives and saviours of their religion, caste, region. They are deliberately dividing people, instilling fear in their minds that they are under threat from the ‘other’, mobilizing people to riot against each other. Instead of coming together to fight the real and common enemy, people are torching each other’s houses, shops, religious places, beating-raping-killing each other. Meanwhile, the giant corporations are laughing all the way to the bank. The biggest communal leaders have become the poster-boys of the big business houses.

We must wake up from our slumber. We must read, think, analyze. We must develop our political consciousness. Only then will we be able to see through the propaganda unleashed by the ruling classes. Only then will we be able to understand their real intentions and agenda.

It is important to dream… We can change the world!

Dear friends, fellow citizens, the ruling classes are telling us – there is no alternative to globalization. For their interests of profit maximization, "There Is No Alternative (TINA)" indeed! And so they proclaim, that capitalist globalization is a historical endpoint.

It is time we stopped believing the propaganda of the intellectuals of the ruling classes, and buckled down to fighting for building a new society which promotes selflessness and co-operation, where production is oriented not for the profit maximization of a few, but for fulfilling the basic needs of all human beings – healthy food, best possible health care, invigorating education, decent shelter, security in old age, clean pollution-free environment.

This is not utopia. After all, it is we, the working men and women of India, who have created all the wealth of our country, and who can create much more wealth, provided the necessary conditions are created. We have all the necessary skills. Our country has enormous resources – that there is a shortage of resources is a myth. Our collective strength, if we create the conditions to properly harness it, can build heaven on Earth. We repeat – all this is not utopia. But to bring it into existence, we will have to take our own small initiatives, come together and fight to change the world. Every end must have a beginning – only if there is a beginning will there be an end. Let us begin our own small initiatives.

'Dare to ***dream***, dare to ***act***'! At a time when opportunism is everything, when hope seems lost, when everything boils down to a cynical business deal, we must find the courage to dream. Today, the need of the hour is for some of us from among the students, youth, intellectuals and working people to dream of building a new and beautiful society. At least some of us must take the initiative to bring people out of their feeling of hopelessness, and inspire and fill them with dreams. In all history, it has been a few who have taken the initiative. Later, the entire people have joined them, to make the dream a reality. This is what will happen again now.

There is no need to be despondent about the fact that there are no tall leaders to follow. Leaders are not born in vacuum; it is social movements which give birth to leaders. It is the freedom struggle initiated by lakhs of ordinary people all over the country which gave birth to thousands of leaders like Gandhi, Subhash Bose and Bhagat Singh; it is people's struggles that developed and matured them; it is ordinary people who gave them strength and support; and they then led the people into making history. Today, once again society will give birth to its leaders from amongst the people, as the struggles advance all over the country.

The biggest and tallest trees all ultimately sprout from the Earth. Soil, sun and air all help them grow. Struggles with the winds and storms help them become strong. Not even the smallest of plants has ever germinated in the sky.

We are ordinary people – citizens of our country, who love our country – like all of you. Let us reach out to each other, understand each other, join hands and begin our own initiatives. However dark the night be, dawn has to come. The people are beginning to stir. Let us join them.

My Friends,
May not
The history of our times
Remain but this
That while slowly dying
We continue thinking
We are alive
That our time
Be not measured with the clock
But be measured by the decay
And decomposition of our bones…

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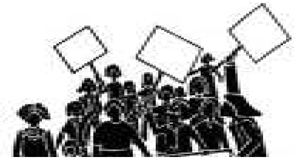
ABOUT OURSELVES

Lokayat



Who has become free?
From whose forehead has slavery's stain been removed?
My heart still pains of oppression
Mother India's face is still sad...
Who has become free?

Ali Sardar Jafri wrote this poem a few years after independence. But these lines accurately describe the current situation in our country today...

In the name of *Globalisation*, giant Multinational Corporations (MNCs) are being invited into the country – **the country is now being run solely for the profit maximisation of big foreign and Indian corporations**. In connivance with the politicians-bureaucracy-police-courts, they have launched a ferocious assault to dispossess the poor of their lands, forests, water and resources – in order to set up SEZs, huge infrastructural projects, golf courses, residential complexes for the rich, etc. Indian agriculture is being deliberately destroyed – so that it can be taken over by giant agribusiness corporations. The consequence: nearly 2 lakh farmers have committed suicides in the past ten years. Tens of thousands of small businesses have downed their shutters. In the name of *Privatisation*, public sector corporations, built out of the savings and by the sweat and toil of the common people, are being handed over at throwaway prices to these scoundrels. Even welfare services, from education to health to the public distribution system and now even drinking water supplies are being privatised, to be taken over by these corporations and transformed into instruments of naked profiteering. There are simply no decent jobs for the youth; probably nearly half the population is unemployed or underemployed. The imperialists want to control what we eat, drink, see, think, read. And so along with MNC capital, imperialist culture is also flowing in.

As the economic system becomes more and more sick, the social and political system is also becoming more and more degenerate. All-pervasive corruption, continuation of the age-old caste-based social system because of which atrocities on the dalits take place almost daily, a communal political system that divides people in the name of religion and fills them with hatred against each other, a value system that promotes crass