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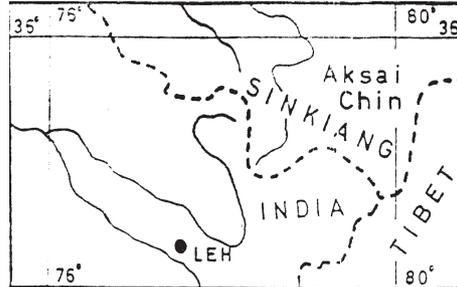
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DEEPENING WORLD ECONOMIC CRISIS; WAR CLOUDS & GROWING STATE TERROR

IN another article in this issue we see how the world economic system is being hurtled into a crisis of serious dimensions. There is already much talk of the US economy being pushed into recession after the burst of the housing bubble and the sub-prime mortgage crisis. With this the US is pushing aggressively to further extract the maximum from other countries resorting to increasing threats, bullying and even war. Though it is bogged down in Iraq and Afghanistan it is issuing aggressive war threats to Iran; it is pushing for sanctions on Myanmar (Burma), and Israel has been threatening aggression against Syria, Lebanon and continues its attacks on the Gaza strip of Palestine (run by Hamas).

In this piece let us first take a brief look at the severity of the crisis; the war clouds and then the dangers for the people of the world and their solution.

Economic Crisis

The IMF managing director, Rodrigo Rato, said (Sept. 24th) that most of the impact of the global credit crunch (caused by the sub-prime crisis, will be felt in 2008 and that the USA will be the hardest hit. Rato saw no quick solution for the crisis triggered by defaults on US sub-prime loans to borrowers with poor credit histories. He added, "*A few more months will be needed to access the full impact on banks, companies, and governments*".

The neo-liberal project worldwide has seen a massive shift in wealth, not just to the top 1% but also to the top tenth of the 1%. The wealth in the hands of the super-rich of all countries is on a scale rarely seen before. Its corollary is of course, excessive destitution and poverty worldwide, including in the imperialist countries. This impacts market expansion and purchasing power of the masses.

The US, besides its continuing trade and budget deficits, has seen the dollar fall to a 15-year low — at \$1.4 to the Euro. And in the month of August it saw its employment level drop for the first time in four years.

Europe has a host of economic problems; the slow growth rates have now been compounded by high inflation — at

3.5% against an expected 2.5%. There is no let-up in the unemployment problem, with those unemployed having crossed the 2 crore mark. The sub-prime crisis saw two banks come close to bankruptcy; and on Sept 25th the newspapers reported that the Deutsche Bank (the German Central Bank) suffered losses of \$2.4 billion). In addition the British banks have been badly hit, with Barclays selling its sub-prime consumer unit at a loss and Northern Rock requiring a bail out of \$22 billion.

Besides the very unity of the EU has been threatened when they were unable to ratify the new charter with France voting against. The past few years has also seen changing political alliances with extreme right-wing elements coming to power in both France and Germany, the two main engines of the EU. The heads of both countries have also changed their tune toward the US, taking a more conciliatory tone and joining in the US war-mongering. The reality is that, though the EU is the main competitor to the US, if the latter's economy goes down it will take Europe with it. Besides, today, unlike in the 1990s, Russia and China are growing as major competitors to the US and even Europe.

Ever since the 1970s there have been crises in the world economies as the roots of the depression was never dealt with (in fact cannot be dealt with within the capitalist framework). Fiscal manipulations have created some recoveries only to be followed by new crisis. Globalization brought with it a massive attack on the people's living standards to create the 'boom' in some major centres (even in this period Japan, Russia and many third world countries like Argentina, Turkey saw recessions of such depth never seen before) which lasted for a decade before the bubble burst at the end of the century.

There is of course, a crucial difference between the earlier crises and the present. In the 1980s and 1990s the flashpoint were in the backward countries. This time the centre is the US itself. Moreover, it is a problem that has been brewing for two decades. In the 1990s the Federal Reserve (US central Bank) provided cheap money to get the economy going and helped create the biggest stock market boom in the

country's history. When the bubble burst at the end of the 1990s, it solved the problem by creating the housing bubble. Now this too has burst.

The financial crisis will deepen in the days to come.

Military Blocs Unfolding

With the deepening crisis of the imperialist system we can see the war clouds gathering further. Particularly with the deepening crisis of the US economy it threats of a war against Iran continues; and now for the first time France to has joined in the war threats to Iran. Also with international oil prices having reached peak levels at \$ 84 per barrel and are edging towards the \$ 100 mark, the scramble for control of energy resources is getting all the more desperate. Recently, even that pillar of the US establishment, Alan Greenspan, (headed the Fed for 17 years) has openly stated that the aggression on Iraq was for its oil. The irony of the situation is that, Europe depends on just one company for 25% of its energy needs — the Russian company Gazprom. Recently the US, utilizing the unrest against the military junta, has imposed sanctions on Myanmar.

But Iran is not staying quiet. It is openly defying the US (and France) and has recently displayed its newfound military strength. Also it is able to circumvent the diplomatic isolation that the US is trying to impose. Russia has openly opposed any attack on Iran; the latter being an observer status at the SCO (Shanghai Cooperation Organisation). Japan, Italy and South Korea also have large interests in the oil and gas extraction in Iran. Lately even Turkey, countering US pressure, has defended its growing energy ties with Iran and Russia. The US stooge, Hamid Karzai to Afghanistan, ignoring US pressure, invited even the Iranian president. It is only the Indian rulers who are servilely falling at the US feet and keeping a distance from Iran, even backtracking on the oil pipeline issue earlier agreed on.

Together with all the diplomatic maneuvers going on, the recent military exercises are an indication of the military blocs developing.

In mid-August army chiefs of 19 countries secretly met in Australia. Such types of meetings have never known to happen before. The countries included the US, Japan and India and was attended by US General George Casey. There is no indication as to what transpired at this secret conclave. Who attended from the Indian side was also kept secret. This was followed on Sept 4th by the biggest naval maneuvers ever, involving six of these countries led by the US. It took place in the Bay of Bengal and India was an important participant. In addition, India began secretly conducting a three-week military exercise with the British military in the sensitive area of Ladakh in end September. This got exposed only when Pakistan lodged a formal protest. This entire exercise is shrouded in mystery, particularly as to why it is being held in a place like Ladakh.

On the other hand, about the same time, in August, the SCO (comprising Russia, China, and 4 Central Asian Countries) began flexing their military muscle as never before. On Aug. 17th the Presidents of the SCO countries for the first time ever watched the final stages of the largest war games of the grouping. 6,000 soldiers, over 1,000 combat vehicles and scores of aircraft practiced combat skills. All member countries took part for the first time. Their personal presence and the link up with the SCO Summit that followed gave the exercise enormous strategic importance. Though the SCO has denied it is a military alliance the military component is expanding at a breath-taking pace. Already it has built a military alliance with seven Central Asian countries in the CSTO (Collective Security Treaty Organization); i.e. comprising all the SCO countries except China. Earlier China sought to keep a distance but now it has swerved in favor of a partnership between the SCO and the CSTO. For the first time China deployed a major military group abroad. Also these military exercises began in China's Urumqi, the capital of China's Xinjiang Uyghur Autonomous Region (which is the centre of Muslim militant unrest) and then shifted to the Urals of Russia. This SCO, CSTO is growing as a de facto parallel to NATO. The SCO Summit, which took place immediately after this military exercise, and attended by the presidents of all member countries clearly warned the US to stay clear of Central Asia.

Russia also suggested an Energy Club; Iran (who attends as observer) offered to host it. Also the treaty signed at the SCO Summit provides for consultations “with the aim of coming up with an adequate response” if the security of a member-state is threatened.

Yet the US continues its aggressive postures against Iran. In the third week of August, the US was on the verge of declaring the IRGC (Iran Revolutionary Guard Corps) as a terrorist organization. This is the elite wing of the Iranian army and is the first time that the army of a country is being threatened in this way. In addition, the CIA has authorized covert actions to destabilize Iran by encouraging Kurds, Baluchis, Arabs and other minorities to revolt. It has also given massive arms packages of \$ 20 billion to Saudi Arabia and \$ 30 billion to Israel to use against Iran. Recently the French President also, for the first time, threatened war on Iran. An attack on Iran is expected before the year end. Of course, given the debacle in Iraq and Afghanistan ground troops are not likely to be used. On Sept 25 the US house voted overwhelmingly to extend the sanctions on Iran to the energy sector.

If Iran is attacked it is most likely that these embryonic blocs will further crystallize. Also it will throw the world economy into absolute chaos, with oil prices sky-rocketing even further and more and more banks collapsing. As a result, fascist terror of unprecedented proportions will be unleashed in most countries of the world. India too will be badly hit by this situation due to its deep dependence and tie-up with imperialism, particularly the US. India will be used by the US as its front paw in the region.

Impact on India

In a survey conducted by the New York Stock Exchange, India has been named the fifth most crucial region in terms of strategic importance for business. It has ranked India ahead of Japan, Brazil, Russia and Australia. This was the result of a survey of 240 top CEOs of the US.

India and the big comprador houses are bound as never before with the imperialists. The stock exchange is in the hands of the imperialists; most of the IT companies and private big banks are more foreign than Indian (foreign equity is dominating); the Comprador big business houses are more

and more deeply intertwined with imperialism with growing amount of foreign equity, massive foreign borrowings and now even foreign markets; and NRIs are playing greater and greater role in the economy. Now, even the foreign debt has begun to sky-rocket as never before. India's External Debt grew by a massive 23% during 2006-07 and stood at \$ 155 billion (i.e. over Rs 6 lakh crores) and constituted 16.4% of the GDP. In just that one year it increased by \$28.5 billion (i.e. over Rs. 1 lakh crore), of which half was private commercial borrowings. {Hindustan Times Sept 18 2007}

With such high levels of dependence it is inevitable that even small shocks in the international economy will badly impact India. What is worse with high dependence on imported oil the rise in international prices, and the open market policy, energy prices will severely impact not only the poor but also the middle classes.

Already there were reports since May this year that the economy was slowing down. Here too high interest rates has led to bad home loans to the tune of Rs.750 crores.

Besides, India is getting deeper and deeper into the US clutches — economically, politically (foreign policies) and even militarily. In this period of globalization an already dependent country has seen such gigantic involvement of the US in the economy that every aspect is completely tied to the imperialists, particularly the US. And with each passing day the knot gets tighter and tighter, strangulating the country and its people as never before.

In the sphere of the military the India has been drawn into the vortex of US militarism. The nuclear deal is not just about nuclear energy; it is a deal to sell massive military and nuclear hardware to India, to tie up India's foreign policy to US dictates (as on the question of Iran) and militarily drawing India deeper into the US military Axis. US officials have explicitly indicated that once the Indian government accepts the nuclear deal, India's foreign policy will have to be “congruent” with that of the US. Never before have US ships been allowed to dock at Indian ports as has happened recently. In August 07, the US nuclear ship Nimitz docked at Chennai after

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SUB-PRIME CRISIS IN AMERICA, A CRISIS OF NEO-LIBERAL AGENDA

Dr. Gupta

“Urban America is on a roll again. Familiar scenes of gray, empty, dilapidated office buildings, vast parking lots with few cars and grimy tenement blocks blackened with smoke, which characterized much of the urban heart of the east coast and mid-west since the late 1960s have given way to the earsplitting sounds of cranes, drills, cement mixers, and the wolf-whistles of helmeted construction workers....Rental and land values are rising steadily, returning the devastated downtown areas of many older cities to a semblance of life, and, of course, profit.” wrote Itty Abraham from America in 2006 [*Economic & Political Weekly*, April 15, 2006]

IT was the roaring business in the real-estate sector of America based on state actions, fixing the cost of factors of production below market value, thereby generating super-profits for the private sector where gambling became the order of the day. But the bubble burst on 15th August 2007, the sub-prime crisis (See Note 1) in the US, created tremors in the global economy.

The sub-prime crisis in the US is far from over. More sub prime shocks are in store. The following months will see more sub-prime portfolios getting re-priced. The higher interest rates on loans, following such re-pricing may once again strike markets across the world.

The sub prime crisis erupted in the US with a string of banks and non banks giving home loans to customers with poor economic standing. It is a fact that, particularly since the period of excessive abundance of liquid money with little scope and prospect of productive investment, banks have been used to attracting customers with exciting loan products, like zero margin and even no-documents. In India too, which claims to be a fast growing economy the push for borrowing money from banks and other financial centres has now been the order of the day. In many cases, in India and many third world countries, the trap of home loans is laid with an initial interest charge of about 7% that has already jumped to over 10% , causing unexpected financial strains.

The present crash is not a temporary phenomenon. John Lipsky, IMF's deputy managing director, said, *“The characteristics of the exciting sub-prime adjustable rate mortgages (ARMs) indicate that the current turmoil is not likely to be short-lived. This is because the calendar of scheduled resets on existing sub-prime ARMs is still increasing, and will not subside for some time to come”*.

The looming danger of crisis is unlikely to blow over. At present, only around \$ 25 billion of sub-prime loans are getting readjusted per month. But this will increase to anywhere between \$ 30 billion and \$ 45 billion per month till around the third quarter of the next year, some economists consider. Even if the Fed (the American Central Bank) cuts rates, these customers will be seriously affected. About \$ 180 billion of sub-prime loans, which will be re-priced and it will hit the markets in the following months. Economists estimate that in the next year, this figure will cross \$ 400 billion.

The crisis in the sub-prime market – a relatively small proportion of the whole mortgage market – has devastated the global markets and the impact will continue for long, and it was even beyond the expectations of the globalization lobby. The recent Morgan Stanley US report says that credit availability is declining especially in sub-prime mortgages and for less creditworthy corporate deals. Lending standards have tightened even for prime borrowers, in the form of increased documentation, lower loan to value, and a shunning of ‘covenant-like’ structures. Now the lenders have not only tightened standards but also boosted rates. The rates on some of the sub-prime loans have gone up by 2% from mid-January. In the US itself the stricter standards by lenders have come in the form of higher minimum credit scores, lower maximum loans and also higher down payments. The Indian corporate houses, which were making huge borrowings, from Western lenders do now face some restrictions that were never imagined earlier.

Impact of Sub-prime Crisis on Hedge Funds

In the global financial market (See Note 3), the consequence of the sub-prime crisis, the hedge funds (See Note 2), with a combined \$ 1.9 trillion in assets, posted the largest drop in investments since July 2000 and an even deeper slide in August 2007.

Withdrawals for all hedge funds totaled \$ 32 billion in July this year, according to the Trim Tabs Barclay Hedge Fund report. For the month August 2007 hedge fund withdrawal complete data is not available, it could be even greater, according to the report. Funds that invested in hedge funds suffered \$55 billion in redemption in July. However, that was offset somewhat by an inflow of \$ 23 billion at regular hedge funds, the Trim report added [*Economic Times*, 5.09.07]

Immediately there occurred a flight of FIIs from India after the sub-prime crisis. Foreign institutional investors (FIIs) were net sellers to the tune of 2.03 billion in August, which was a record monthly sales figure since they were allowed to participate in the Indian markets in the early 1990s. The total outflow in the cash market formed 20% of the Year to Date (YTD) inflows in the country. [*Business Standard*, 6.9.07]

The turmoil did not remain confined to the sub-prime segment; the world's capital markets received huge blows. The crisis spread to Europe and Australia and hit availability of credit and rolled financial markets worldwide.

Residential Home Markets Crash-The State's Rescue Act

Everything apparently went on OK with the supply of US and European treasury bonds (Note 4) and top-rated corporate paper. The situation brought about some compulsion in the absence of investment in the productive sector, to go hunting for yields and arbitrage (Note 5) opportunities – the classic, 5 year old \$ 1 billion arbitrage, being the Japanese carry-trade, borrow-cheap in yen and buy high-yielding Australian and New Zealand and other securities. The more significant fact was that with so much liquidity slashing around and all kinds of assets trading well, it was the ruling satisfaction that the global capitalist economy would

be doing well for ever.

The housing market boom was seen in the late 1990s in the US, in Europe and most other European states. The scenario was no different in countries like India. After 2001, as interest rates fell, the new home business was for some years a booming one. Conventionally, home mortgages in the US were refinanced to an extent, packaged and sold down as federally guaranteed securities. This is generally called agency debt. The non-qualifying part of high value mortgages and other non-conforming mortgages were also packaged and sold to investors as mortgage-backed securities. All this appeared to be unchanging. And by about 2003, mortgage lenders began lending to people who would not qualify for lending. Why? As because capital cannot be kept idle. The lenders' eyes were set on the rising house prices. With the value of the underlying security offsetting potential credit losses, it became a roaring business. The commoners whose income did not stand to security were attracted by loan offers and they bought houses that they did not always badly need. Some took second mortgages against their existing homes for additions and alterations.

This was the sub-prime debt that ultimately set off the crisis. The initial trigger was increasing delinquencies in the US mortgage market. The crisis was boosted by highly leveraged (Note 6) lending against rapidly rising house prices. As house prices slumped in 2006, delinquencies and defaults on sub-prime mortgages soared. When housing prices rose, borrowers with poor credit history had the option to sell their property and square off their loans. But then prices slumped and interest rates rose, many borrowers defaulted causing a cascading effect on banks and hedge funds, which had mortgage-backed securities and collateralized debt obligations. Hedge funds specializing in sub-prime mortgage-backed securities took the massive losses.

Deep Roots of Crisis

It is said that the crisis in the US housing market stemmed from trouble in the sub-prime market-mortgages that stems from what was called the NINJA loans: loans made to people with No Income, No Job or Assets. But the current crisis stems from more serious deep-rooted causes and the crisis baffles bourgeois economists. It

belies the conventional view, that the strong growth linked to rising markets, will lead to higher incomes, greater consumption and a general increase in wealth. Today even with supposed high GDP growth rates the international economy is in severe crisis.

When global stock markets began falling in early August 07, the European Central Bank (ECB) tried to stem the rot by pumping \$ 110 billion into the markets. It was justified as "fine tuning". What was not said is that, it was disingenuous as \$ 110 billion is more than the amount the ECB injected into markets after the 9/11 attacks on the U.S pillars of power. It was merely the statement of the ECB downplaying the deep rot lying in the mode of investment, not the telling of the facts. The ECB was only trying to maintain the lost stability.

According to *New York Times*, as cited by *Economic and Political Weekly* (August 18, 2007), the US sub-prime loans touched \$600 billion in 2006, or 20 percent of the total as compared with just 5 per cent in 2001. Such type of credit has grown out of the present stage of a liberalized economy that provides opportunities to reap quick fortunes by shifting the risk involved in such investments. Now it is the mortgage brokers who go for excessive risks and find out willing borrowers for a fee. Such mortgage lenders invest in such mortgages so that they can sell these mortgages to the Wall Street banks. Such banks are willing to buy such mortgages in order to create security involving tranches with probability of default and chance of losses. Then they are sold to mutual funds, banks, pension funds, insurance companies, etc. This risky business further moves creating a portfolio with various degrees of further risks and different streams of future cash flows linked to the original mortgage. But once defaults in paying off the sub-prime loans become greater and greater the whole speculative chain breaks and all security built on the mortgages become illiquid in the absence of buyers for the assets for which loans were contracted. The critical situation compels the investors to sell other assets to reorder their portfolios, creating a disastrous impact on the markets. As in the age of globalization, countries like India are also linked up with the US stock markets and the repercussion in the sub-prime

mortgages there is terribly felt in such dependent economies like India.

Capitalist Economy in Doldrums

Globally speaking, on the one hand there is the sway of speculative capital for the black prospect of profitability in manufacturing units; on the other there is the acute problem of over capacity. In the words of Raghuram Rajan, the new chief economist of the International Monetary Fund. "*The world is investing too little.*". The current situation has its roots in a series of crises over the last decade that were caused by excessive investment, such as the Japanese asset bubble, the crisis in emerging Asia and Latin America and most recently, the IT bubble. Investment has fallen off sharply since, with only very cautious recoveries. [cited in *Frontline*, Jan 12, 2007]. This crisis has been visible in the core industries. The huge gap between production capacity and demand or actual production is found in the computer industry, automobiles, steel, telecommunication and such core areas of the capitalist economy. This excess capacity in every industry with distinct fall in demand or in other words much less utilization of capacity shall inevitably lead to stagnation and then global recession. Globally, in the obtaining situation of over capacity for the lessening demands has made further investment in core industries clearly unprofitable. As a result the huge profits in the form of accumulated capital is finding its way into the speculative part of the economy, no doubt creating gigantic profits, but also enormous fragility in the financial system.

Financialisation of Economy

Alongside neo-liberalism and globalization, a very important characteristic of the present world economy can be called financialisation. This is increasingly becoming the dominant aspect of moribund capitalism, shifting the focus from production to finance. Stagnation of the economy has led to a financial explosion, stemming from the increasing capital without the prospect of rewarding investment in production. The trend started in the late 1960s and now has assumed a pronounced presence. Harry Magdoff and Paul Sweezy had pointed to this increasing

role of “*finance in the operations of capitalism*”. While monopolization in this period has led to faltering real investment and burgeoning financialization, with the steady reduction in utilizing production capacities of industries and the dearth of investment opportunities, the profit motive has pushed to expanding financial products with a host of financial instruments like futures (Note 8), derivatives, hedge funds, leverages, etc.

Thus financial speculation has taken centre stage, taking the place of production of goods and even services. Even bourgeois economists like Keynes warned against such a situation of devoting surplus capital at the alter of speculation. While military related industries have been the dependent crutch of modern decaying capitalism, financial explosion is now believed to be the savior of unproductive capitalism. Speculation is nothing new to imperialism and was pointed out by Lenin right at its start, but its expansion on such a vast scale has never been seen before. But the financial bubbles produced this way are destined to be pricked now and then creating tremors in the World markets. This financialization, in particular the transfer of finance to backward countries, is now even pushed by the World Bank, IMF. An accompanying result is the greater imperialist penetration of backward countries by way of tightening financial dependence on the imperialist countries. The sub-prime mortgage crisis in the US and its impact on India and other countries clearly prove the tying up of the countries like ours to the financialisation or speculative capital and the inevitable bursting of bubbles.

Hedge Funds and their Dangerous Operations

The Securities and Exchange Board of India (SEBI) has taken emphatic steps in allowing hedge funds to invest in India in a round about way in the past few years under their pursuit of liberalisation. The USA, Germany, Switzerland, etc. admit hedge funds under strict conditions. It is known that such hedge funds are usually pools of private funds of big private houses and are not subject to the same regulations as in case of mutual funds. They are mostly unregistered bodies and take recourse to diverse and complex set of financial instruments and strategies to produce

absolute returns for their investors. Legally speaking, they acquire the status of private or proprietary firms, and not investment companies. This allows them to easily avoid regulatory provisions and be free from disclosing information about them. This highly speculative funds resort to multiple techniques and instruments like forwards, futures and other derivative (Note 10) products in order to exploit price differentials or they may wait for price movements in securities market.

Hedge funds had shown their might in Malaysia by speculative attacks during the 1997 financial crisis, later in Thailand and in other countries. Actually speaking, hedge funds are powerful enough to destabilize an economy and they have emerged exceedingly powerfully with minimum capability of a state like India to rein in their power by closing the country's door to these international financial behemoths. They have in recent years become immensely powerful. In between 1988 and 2003 the US hedge funds increased at the rate of 24 per cent per year. Thus US hedge funds dominate the international financial markets. In the year 2004 itself, 94 per cent hedge funds originated in the US. It is mentionable that regulations by SEBI and financial policy measures in India are more apparent than real for the government's bowing to the World Bank, IMF policies on unhindered movement of finance capital. Hedge funds show their backs on the regulations through proprietary brokers, leading to high amount of arbitrage activity on the bourses. Hedge funds are not meant for long time investment and they are extremely volatile. Hedge funds in India do have all potentials of a free play by “pumping and dumping” stocks to destabilize the economy. The secretive activities of the hedge funds are carried on by utilizing what are called Participatory Notes (PNs) issued by foreign institutional investors (FIIs)

Stock Markets Not a Remedy For Capitalism

History has proved time and again that the heat of speculation produces violent reactions. Before this sub-prime mortgage market crash in the U.S impacting the global financial markets, in December 1987 itself the speculation bubble in the US got pricked, plunging the global stock markets into dire straits. The 1987 crash made it clear

that the close ties between the stock market and the banks formed the principal source of vulnerability as the security dealers required to borrow heavily from banks for their day to day operations and the gamblers played their speculative game with the money supplied by banks. When the share prices, irredeemably fell down on 19th October 1987 (Black Monday), the assets pledged to the banks by the stock market dealers as collateral for their loans vanished within hours. The banks were thrust to the brink for the actual and potential drain of huge losses on account of unpaid loans. The major market operators not only failed to pay off the accumulated loans, they needed more money to stay afloat. In this volatile situation banks were unable or unwilling to grant further loans. Thus the failure of the market brought about chain reactions that spread to the global financial markets. Like on other occasions the Federal Reserve, the US central bank, intervened by infusion of billions of dollars to bail out the tottering system.

The speculation business has now assumed a prominent role in all economies, keeping alive the chances of frequent crises. The fragility of the system is not merely limited to domestic and foreign stock markets, but also government securities and foreign exchange markets, with huge debt-based instruments like futures, options, futures on options, etc are also vulnerable areas of the speculative business that might fail unpredictably. So also giant corporations, commercial investment banks along with the above institutions, have now become so fragile with the internationalization of the capital market involved in speculative activities in various ways that sudden collapse is a reality. In a word the risky ventures in bonds, stocks, real estate, commodities, foreign exchange, etc. had never before assumed such gigantic proportions. In the system of capitalism, speculation has always played some role but in the past few decades it has exceeded all earlier limits.

In the early 1970s, the global capitalist economy started facing recession, shrinking growth rates, rising unemployment, and overcapacity. The capitalist economists, corporate houses and governments of the West then intervened and found a remedy in the debt

explosion and unhindered speculation, which (the supposed cure-all) now stand out as an incurable malady of the system. Thus financial turmoil must recur in the global capitalist economy relying on the flood of debt and speculation in real estate, stocks, futures and other assets. To comprehend the present sub-prime crises and frequent crises we should first of all understand that the centre and focus of all capitalist economy has now switched over to the buying, selling and multiplication of financial assets. The production of goods and services that create surplus value in the process of production in the capitalist economy has already taken the back seat. The investors now chase quick gains, despite huge risks like in gambling in the sale and purchase of paper assets. This process vastly corrodes the capitalist system heading towards its doom. The financialization of monopoly capital is a dangerous trend that is possibly the last resort of present day capitalism to save the system.

Casualties of the present crisis

The first casualties of the sub-prime market crisis were the mortgage lenders who have been used to pouring borrowed capital to finance mortgage lending. New Century Financial, WMC Mortgage, Countrywide etc. made huge double-quick profits during the boom in the housing finance market in the US. The accumulated profit in such type of businesses encouraged them to eye the sub-prime market by roping in new borrowers. The world's top rating agencies gave top billing to those high-paying securities, i.e. sub-primes. Hedge funds have always been drawn to the potentials of speculative profits and lapped them up. Sub-prime loans zoomed to \$ 600 billion in 2006 comprising 20 per cent of the total which was 5 per cent only in 2001. The mortgage lenders or brokers were attracted to do this risky business as selling their mortgages to banks and investment banks in Wall Street to make quick profit became easy. Such banks could also earn huge profits by "securitizing" these mortgages. Merrill Lynch, Bear Stearns, Morgan Stanley, etc. bought into mortgages, pooled them, packaged them into securities for ultimately selling them for huge fees and commissions.

The risks associated with the investment bank activities were actually shifted to the securities purchasers. Mutual funds, pension funds and insurance companies that bought into these securities were the next big casualties of the crisis, making the vast masses of particularly the middle class to suffer the most.

Fragility of System

In a desperate measure to stave off recession in the US economy, the Federal Reserve slashed interest rates by half a point. The Boston-based State Street Bank faced doubtful loans of \$22 billion. In the US both housing starts and applications for building permits have fallen to their lowest level in decades. It is estimated that the housing slump will continue for years. The problems are also spreading from sub-prime to prime loans.

Germany bore the initial brunt of the European fall-out of the US sub-prime crisis as two of its banks nearly collapsed, requiring massive bailouts. In mid-September another casualty of the US sub-prime was Britain's eighth largest Bank, Northern Rock, dealing heavily in housing loans. It tethered on the brink of collapse creating a maddening panic amongst depositors. Resembling the collapses in third world countries earlier (like Albania, Argentina, Turkey, etc) serpentine queues stood outside the banks to gather their money. In just three days \$ 2 billion were withdrawn. It was only when the bank of England took over the \$23 billion liabilities did the panic subside.

The most visible manifestation of the ongoing crisis is seen in the highly volatile stock market behavior. But it is not only the stock markets that have been affected, the crisis has affected all financial markets including the credit market (from where it began in the US), the exchange markets and the money markets.

Ever since the stagnation of the international economy in the 1970s, the accumulated profits found its way into greater and greater speculative areas. In the 1980s it was in the third world debt; in the 1990s it was into trading in the stock and money markets; and in the post-2001 crisis period speculation has skyrocketed in numerous other instruments like derivatives hedge funds, etc With such massive financialisation of the economies,

the fragility is enormous, and a slight disturbance can cause worldwide shocks. The world economy is heading for serious trouble as this time, the epicentre of the crisis is the most powerful economy in the world itself — the United States of America. In the 1980s it was Latin America, in the late 1990s it was East Asia and Russia, but since 2001 it has afflicted the US.

Important Terminology :

(1) **Sub-prime** – It is a type of mortgage where the borrower for additional loans for homes does not require neither being credit-worthy nor have the necessary documents, etc, which are essential for prime mortgages. The interest rates charged are higher than for prime loans giving the lenders huge profits. Dynamics of the present sub-prime mortgage crisis: After the IT bubble burst in the US at the end of the 1990s the Fed Reserve (US Central Bank) fueled the housing bubble to overcome the crisis. Low interest rates and rising property prices fueled this bubble. The sub-prime path grew as speculators and all forms of lenders entered this market with the confidence that in case of default more could be recovered due to the sky-rocketing property prices. In fact defaults were to the speculators advantage. But the housing bubble first burst in Feb. 07 when interest rates began to rise and property prices fall. The crash came on Aug. 15th. While defaults grew the lenders/speculators lost heavily as property prices also crashed. In August the full impact of the crash hit the world markets as major banks around the world began to collapse. Huge funds had to be pumped in by central banks to save the system from collapsing — the European Central bank injected \$130 billion; the Bank Of Japan, \$ 1 trillion and the US Fed, \$ 43 billion.

(2) **Hedge Fund** – The investment fund specializing in taking speculative positions in markets, for shares or currencies. The sources of such funds are shrouded in secrecy. They are unregulated and risky. A lot of hedge funds are run by former bankers or traditional investment managers. There are several thousand hedge funds accounting for trillions of dollars of investments. They account for one-third of the funds traded on the London stock Exchange and one-fifth of the funds traded on the New York stock

Exchange. There have been several high profile hedge fund collapses in recent years. When Long-term Capital management failed in 1998, its losses were so big, it threatened the stability of the US financial system. It was bailed out. Last year another US hedge fund, Amaranth lost \$6.5 billion in a month in the natural gas market. It was not bailed out and small investors lost out. In the present housing crisis already nine hedge funds have collapsed in the US.

(3) Financial Markets – The markets in which financial assets are traded. They include stock exchanges for trading company shares, foreign exchange market, derivative markets, etc.

(4) Bond – A govt. security with a redemption date over year later than its date of issue. It may be issued by a firm, financial institution or government.

(5) Arbitrage - Buying a good or asset in one market where price is low and simultaneously selling in another market

where the price is higher.

(6) Leverage – The ratio of a company's debt to its equity, i.e. to the part of its total capital owned by its share holders. So leveraged buyout is a buyout of the equity of a firm largely financed by borrowings

(7) Portfolio – A set of different assets in the possession of an individual or firm for maximum profits.

(8) Financial futures – Futures contracts in currencies or interest rates. Futures contracts, like forward contracts, commit both sides to a transaction on a future date at pre-arranged price, but futures contracts can be traded in future markets. These contracts can be used for hedging, speculation, etc.

Futures contract – A contract to buy or sell a good, share or currency on a future date at a price decided during the contract

(9) FDI – Foreign direct investment is made by mainly corporate owners, etc.

to acquire land, buildings, mines, machines, etc. in a foreign country

(10) Derivative (financial) – A tradable security whose value is derived from actual or expected price of some underlying asset, which can be a commodity, a currency, future contracts, futures on stock market indices, etc. Derivatives can be used as a hedge for speculation

(11) Equities – The ordinary shares (UK) or common stock (US) of companies.

(12) Consumer durables are long lasting goods like cars, furniture, T.V, Video, Washing machines, Fridge, etc.

(13) Convertibility – The right to change money into foreign currency without permission from authority of a country

(14) Debt Service – The payments due under debt contracts, including interest and redemption payments.

DA

Continued from page 4

moving around the Persian Gulf with a flotilla of ships to threaten Iran. The high-level naval exercises with US, Japan, Australia and others came soon after the joint exercises India held with the US and Japan in the western Pacific earlier this year. The Bay of Bengal drill is the 13th joint naval exercise involving India and the US since 1994. More than half the military exercises that the Indian Army has conducted since the invasion of Iraq and Afghanistan were with the US. India, along with Japan and Taiwan were amongst the handful of countries to support the US missile defence initiative. And now reports have come in of the secret military exercises with the

British military in Ladakh. Recently the fifth round of joint counter-insurgency exercises between India and the US took place in Mizoram, which was specifically directed against left wing guerrillas. Though India has an observer status at the SCO, together with Iran and Pakistan, at the latest Summit all other countries were represented by their Heads of State, while India sent the low-key minister, Murlu Deora, who is known as a notorious US puppet. All this indicates in which direction the Indian ruling class stooges are taking the country militarily.

With an exceedingly fragile world economy any international crisis will destabilise the Indian economy further and

the imperialists will increase their loot of countries like India to cushion the effects of the crisis on their economies. The Indian rulers will seek to push this on the masses by massively increasing the burden on the poor and middle classes. Fascist terror of even higher magnitude than what exists is on the agenda to check the inevitable discontent that will result.

People of the country must prepare for the coming onslaught — both economic and fascist. They must build their strength in a way that can withstand the on-coming terror. The writing is already on the wall !!

DA

Continued from page 22

They are the children of nature. They are the forest dwellers. They are like the herb and the shrub in the forest. The water and the sky are theirs. The sun and the moon belong to them. That is why they are

making war on the thieves who are coming to loot their forest. That is why they are developing war. That is why they are teaching war.

Indravathi is heartily inviting each and

everyone to see this war, to see the consciousness that emerged out of this war and to be inspired, on behalf of the party, the PLGA and the organizations.

So, why delay!

DA

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INDO CHINA BORDER CONFLICT: AILS AND AILMENTS

Nishant

{In view of the high level talks held between Sept 24th to 26th on the border dispute we print the views of a scholar as a possible alternative. China and India held its 11th Round of talks at Beijing last month, which began in 2003, when Special Representatives were appointed by both countries to find a solution to the border dispute. But in spite of 10 earlier rounds the talks having taken place, little progress has been made and this Round was merely to devise an agreed framework for a settlement of the boundary on the basis of the "political parameters and guiding principles" that were finalized during Premier Wen Jiabao's visit to India in 2005. Despite the unsettled border, a MoU was signed last year between the defence ministers of the two countries. It is also being held in the backdrop of galloping growth in bilateral trade which is expected to cross \$30 billion this year making China India's largest trading partner (exceeding trade with the US which stands at \$32 billion). The present round of talks are being held in secret but are being held at a very high level. This is likely to be followed by a slew of high level visits to Beijing by both Sonia Gandhi and the PM. Surprisingly there was no statement at the end of the talks as to what transpired. But, in a separate report that appeared a day later, it was mentioned that the first ever joint military exercise between the two countries that had been decided on in August had now become uncertain and would be re-discussed in October. Obviously what transpired was not very positive. But it is odd that at such a crucial moment in the negotiations India should hold secret military exercises with the British imperialists in Ladakh which borders China and part of which is disputed.

This article presents a concrete solution by the author which has been dragging on for decades, mostly due to inconsistencies of the Indian government, goaded on by the imperialists. These issues can easily be settled by mutual negotiations, as the regions have little or no human population. When China was socialist it settled its border disputes with ALL its neighbours except India. In fact India, at the instigation of the imperialists launched a war of aggression against China in 1962 and allowed the CIA to use the Dalai Lama to destabilize Tibet (it still does. Since China became capitalist of course the scenario has changed and the rulers will lay claim as per their bourgeois interests; yet it has been focusing more on its growth of becoming an exploitative economic giant and has not sought to waste time on issues like border disputes. In the present environment of cooperation and trade between the two countries it is high time that this issue is finally settled and not dragged on for a few more decades. It is in the interests of the imperialists to prevent India from coming to a solution and keep the dispute alive in case they need to use as a bulwark against China in the future. In this connection the Dalai Lama continues to be encouraged by the imperialists as was witnessed by the German Chancellor meeting him in spite of vehement protests from China.

{The author's proposal could be a starting point for discussions; we need not agree with all the views of the author, but the analysis and conclusion is based on extensive study and in-depth analysis. He has presented maps, so far never disclosed, to back the arguments..... Editor}

THE dispute is part of the power struggle of history between the Chinese power and Arab power, between Indian power and Tibetan power, between the Manchus and the British, between the Manchus and the Russians, between Russia and the Chinese, and between India and China. The conflict reflects the power games of big world powers and it is a legacy of history imposed on both the involved countries. Any strategic consideration and political resolution will have to take into account all these variables and diversities, colonial, imperial, post-colonial, anti-imperialist, national, geographic issues. The conflict is not confined to the Himalayan zone alone. In the Western and middle sector in Kashmir, Himachal and Uttarkhand, it is really on the trans-Himalayan range.

In the Kashmir province in the Aksai Chin area the conflict is far beyond the Himalayan ranges, Zaskar range, Ladakh range, Kailash range and even beyond the Karakoram ranges. The Karakoram range is

the real water dividing line between the south flowing Indus system and the North flowing Kasghar system. The Aksai Chin area covers the Depsang plains, Soda plains, Lingzithan plateau, proper Aksai Chin and the tributaries of the Syok river area. It is evidently clear that the area concerned is an area of a power vacuum. It was never ruled by any power for ever, either constantly or unilaterally. In reality the area is a part of Central Asia. It has been a battlefield between Central Asian powers for a long time abetted by Arabs, Chinese, British, Russians, Tibetans, Mughals and Dogras. No one succeeded in controlling it for ever. Their success was short lived. The area concerned is desolate, rugged and unpopulated. The area was really a transit route between Sinkiyang in the North and Tibet in the South. It is linked with the famous silk route and was utilised by Sinkiyang visited by inkling and Tibetan rulers. Before the advent of the British and Dogras around 1890 AD, India had no concern with the area historically. The

British had seen the Sinkiyang border as part of their defensive system against Russian advance in Tibet. As it appeared more or less possible that Russians would takeover the whole of the Pamirs, north of Kashmir, the British swung between adopting an Advanced Forward Policy and a Watershed Alignment Policy. The 1899 proposal was typical of the moderate latter line.

Forward Policy & Map-war

There have always been fluctuations in the determination of the precise extent of the state of Jammu and Kashmir.

The 1891 and 1901 censuses puts the area at 80,900 sq miles; the 1911 census puts the area 84,432 sq miles; the 1921 census puts the area at 84,250 sq miles; the 1941 census puts the area at 82,258 sq miles; and the 1961 census puts the area at 86,023 sq miles.

The Mahajara of Kashmir occupied an area of 84,258 sq miles where as the Nehru government in 1961 claimed the area of 86,023 sq miles. In 1899 Indian maps showed the Soda plain, Lingzithan plateau

and Aksai Chin areas, whereas the 1914 maps of India place it under Tibet and maps of India in 1954 and since place it on the Indian side (drawings attached). The Britisher's view on the border was continuously oscillating. Their differing and changing stand was based on two factors: (a) the possible threat from Russian advance to be thwarted, and (b) their trade interests in China.

The Chinese penetrated into the Karakoram areas between 1735 and 1796. After 1857 they were engaged with Muslim rebellions in Sinkiyang, so the adventurer Dogra King, Ranbir Singh, the ruler of Kashmir, looked towards the north and advanced beyond the Karakorum up to Sahidulla, but the Chinese returned to the area in 1878. In 1885 the Maharaja was advised by the British not to establish his outpost beyond the Karakorum pass; so the Maharaja withdrew. Since then the British never crossed the Karakorum and never allowed the Maharaja to do so. In practice the Karakoram remained the border between India and China. But on the maps several drawings were depicted and several surveys were conducted according to the wishes of changing Governor Generals — for example the 1873 Line, 1893 Line, Sythe Line, Drew Line, Ramsay Line, Hardinge Line, Ardogh Line, McCartney Line, Johnson Line, Curzon Line, 1948 Line, 1954 Line and other several Lines. All lines differ in position and perspectives.

There were two approaches of the Governor Generals: one was of the Forward Advance school, and the others were of the 'moderate' school. Accordingly surveyors differed. Following the Forward Policy school were Lord Ardogh (1879-98), Lord Curzon (1905), Lord Hardinge (1912-14), Lord Amborst (1823-26), Lord Dalhousie (1846-56), Lord Akland (1838-42), Lord Alenbro (1823-26), Lord Litton (1876), Lord Dufferin, Lord Landsdown (1888-94), Lord Frazer (1820), Archbald (1911), Goodwin Austin (1900), Strachey (1848), Ramsey (1938), McMohan (1914) and Jawaharlal Nehru (1954). Contrary to this school there were others like, Lord Mayo (1868-72), Lord Northbrook (1872-76), Lord Willington Lord, Linlithgo (1936-43), Lord Irwin (1930), Lord Elgin (1899), Macartney (1895), Mc Donald (1898) and others like Saunders, Sythe who favored compromising borders based on the

watershed theory.

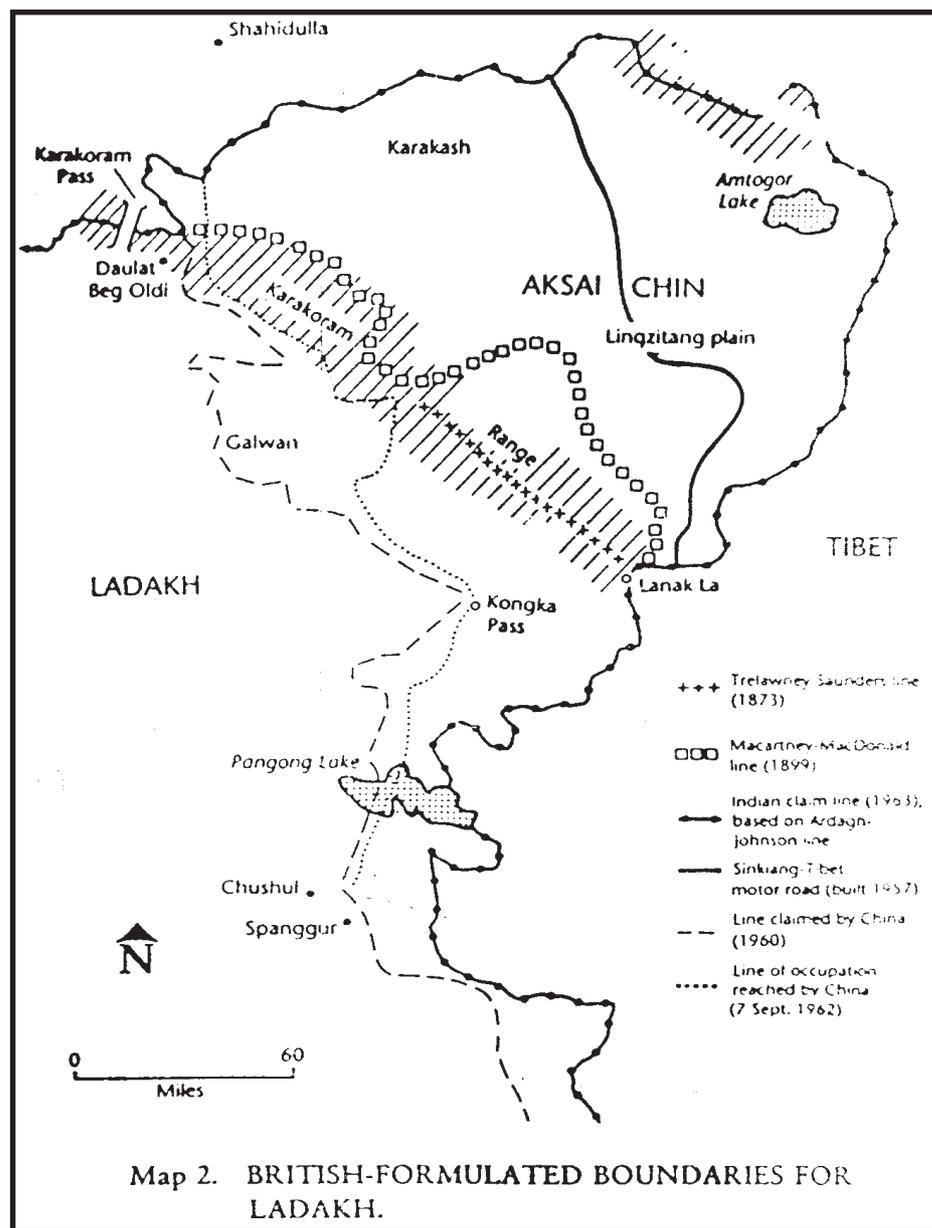
So, it is evidently clear that the conflict is a legacy of history and needs to be judged in proper perspective.

There is also a dispute in the Pangong Lake area, Spanggur lake area and around the Ramchok grazing along the Indus in the Ladakh area. Here, the dispute is of a minor nature and can be resolved amicably based on the watershed principle. India's claim to Chipchap, Galwan and Changchenmo is incontestable but unjustified beyond the Karakorum.

Middle sector

The inhabitants concerned are of Tibetan origin. The area in dispute are in Upsang, Shipkipass, Kaurik village in Himachal, which are all north of the Greater

Himalayas and are situated on the Zauskar Range or the trans-Himalayan Range. The other areas are in the glacial portion of the Jahanavi Ganga, a tributary of the Bhagirathi, and in the Baraboti grazing grounds near the Niti Pass. Both are situated on the Zauskar range. In these areas the Zauskar is the water parting divide line. The Zauskar Range is the origin of the Jahanavi Ganga, Alaknanda Dhauliganga, Kaliganga, and border passes such as Shipki, Khaga, Mana, Lipulekh are situated on the Zauskar range which is parallel and north of the Himalayas. Here the border is based on the watershed principle and since long it has become a customary and traditional line and has become an accomplished fact of history. Here the Chinese claim is unjustified and unrealistic.



Eastern Sector

On April 21, 1914 a convention was initiated by the three personalities, Lonchenshastra representing Tibet, Ivanchen for China and Henry McMahon on behalf of India. The chief provisions were as follows:

- 1) Tibet was divided into two zones, outer and inner.
- 2) Autonomy of outer Tibet was recognized.
- 3) Chinese suzerainty over the whole of Tibet was recognized.
- 4) In inner Tibet China was allowed to send troops and establish colonies but was prohibited in outer Tibet for such actions.
- 5) A Chinese Amban (governor) was to be re-established at Lhasa with escorts limited to 300 men.
- 6) British escorts in Tibet for trade will be three-fourths as that of the Chinese.
- 7) The frontier between Tibet and Arunachal was negotiated

China did not ratify the settlement on the grounds of the borderline between outer and inner Tibet.

The Tawang section: the Tawang is a triangular tangle situated in between Bhutan, India and China. Up to 1914 Tawang was undoubtedly Tibetan territory. Even Lord Harding said (1912) "*views and proposals put forward by Sir McMahon may be regarded as personal and at present do not carry the endorsement of India*".

Thus McMahon's views and proposals failed to secure Indian government endorsement at the time of the Convention. Later on it was ratified with retrospective effect. Atchison's Treaties Volume XII 1929 noted: "*the northern boundary of Assam lay along the Sela range*". The Sela range is south of Tawang and the McMahon line. The map published by Home Minister, Patel, denotes the McMahon line as the boundary line but is undemarcated (1948 and 1950 maps). In 1938, deputy secretary in the foreign ministry, Sir Olaf Caroe observed, "*China had formally acquiesced to British annexations of Tibetan territory in India's North-East along the McMahon line*".

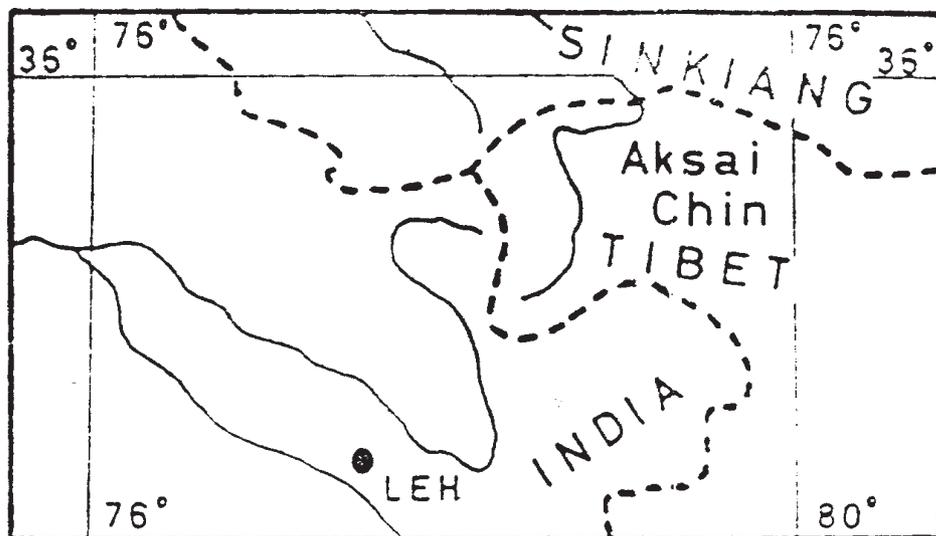
Nehru's idea of the exact location of the McMahon line is even further north of the McMahon line on the Thagla Ridge. For this Major General Niranjan Prasad's book, the "Fall of Tawang" can be referred to for further details.

Chou En Lai, the then Premier of China, told Nehru that: "*because it was an accomplished fact and because of friendly relations which existed between China and the countries concerned, namely India and Burma, the Chinese government was of the opinion that they should give recognition to the MacMohan line. If the Tibetans could, with our help, secure the Sino Tibetan border as defined in 1914 and could have honored the Tibetan Indian boundary as part and parcel of the general adjustment with China and India*".

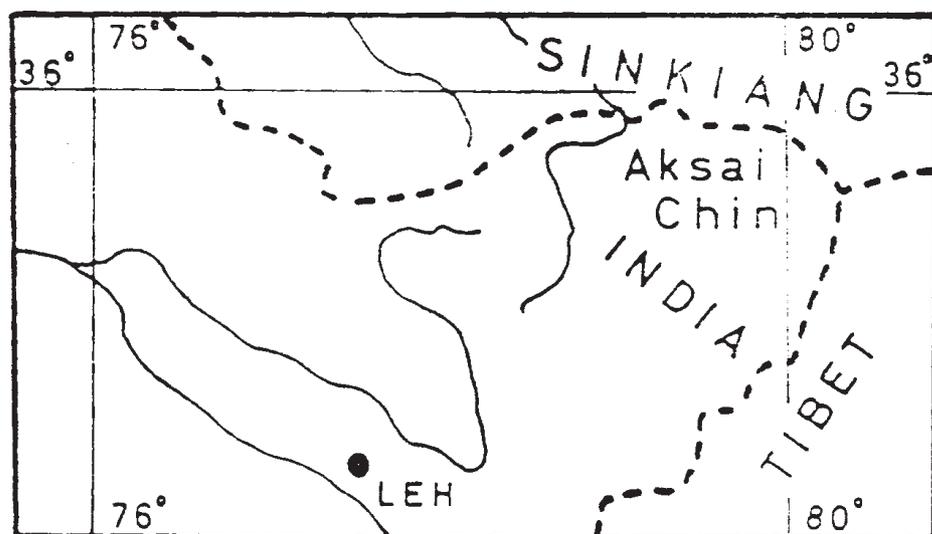
The McMahon Line on the whole is quite a fair and reasonable boundary between China and India along the North-East Frontier. China's objections are limited to just 5 points in this area: (1) Thagla (2) Longju (3) Dihang (4) Sama and (5) The tri-junction near the Diphu pass.

In the Thagla area, the area concerned is only 24 sq miles in triangular shape and it is an exaggerated demand of India. The area is north of the official McMahon Line but it was claimed by Nehru on the watershed principle. It could be negotiated through a barter deal with China in lieu of some other area.

In Longju area, on a religious basis the McMahon Line has left the area to China and has deviated from the watershed theory. So, its reclaim is unjustified. India should not press for this area. Similarly China's claim in the Dihang area is unjustified. In the Lohit area the claim beyond Sama by China is on a religious basis but here Buddhist villages are few, hence the claim is unjustified. Around the Diphu Pass area China claims few stretches of land It is better to bargain it in lieu of the Thagla area in the Remang division.



1914



1954

It is to be noted that if we are prepared to accept China's Line of Control as the border of Ladakh area the Chinese are likely to give up their reference to Sikkim and Arunachal. China's claim is only a tactic to tell India "either accept the line of control as the international border or we can also lay claim to other areas also".

India's case on Aksai Chin area is not strong and foolproof. British in the 1890s had already abandoned their claim beyond the Karakoram and had placed a proposal to China through MaCartney and McDonald based on this assumption.

Geo-political Motive

China's motive was to secure a well defined boundary along the most formidable, mighty, and robust Karakoram range in Ladakh along the Himalayas in the central and Eastern sections. India's motive was to have a foothold in Central Asia as a launching pad for future design as a natural descendent to the British Raj in Ladakh area and to have a secured and safe boundary on the Zaskar Range across the Himalayas in the central sector on the watershed principle. In the NEFA sector China's motive is to press India for a barter deal of a portion of Aksai Chin and Ladakh areas.

Military Motives

From the British period India's motive was to have a foothold in Central Asia and to use it as a launching pad for further encroachment and extension of influence. India's friendship with Russia (which had by then turned an imperialist country....Editor) was a sore point and suspect in then socialist China's eye. Mutual mistrust and personal ego also played some role in the conflict.

Religious Motive

China's claim to the Tsari Chu river in Subansari, the Samo area in Lohit and Tawang in the Kameng area is purely religious. India's assertions on Barahotia and Niti areas in Nilang area is also purely religious. Gangotri and Badrinath Dham are situated in the central sector. Jahanavi Ganga, Alaknanda Ganga and Dhauli Ganga rivers originate in the disputed area.

Economic Motives

The Aksai Chin area has trade and mineral value. Kaurik in Himachal, Damckok in southeast Ladakh, and Barahoti in Uttarkhand have pastureland. The land locked area of

Central Asia have large reserves of oil, petrol, gas and both countries have an eye on the economic value of the areas concerned.

Political Motive

China's motive:

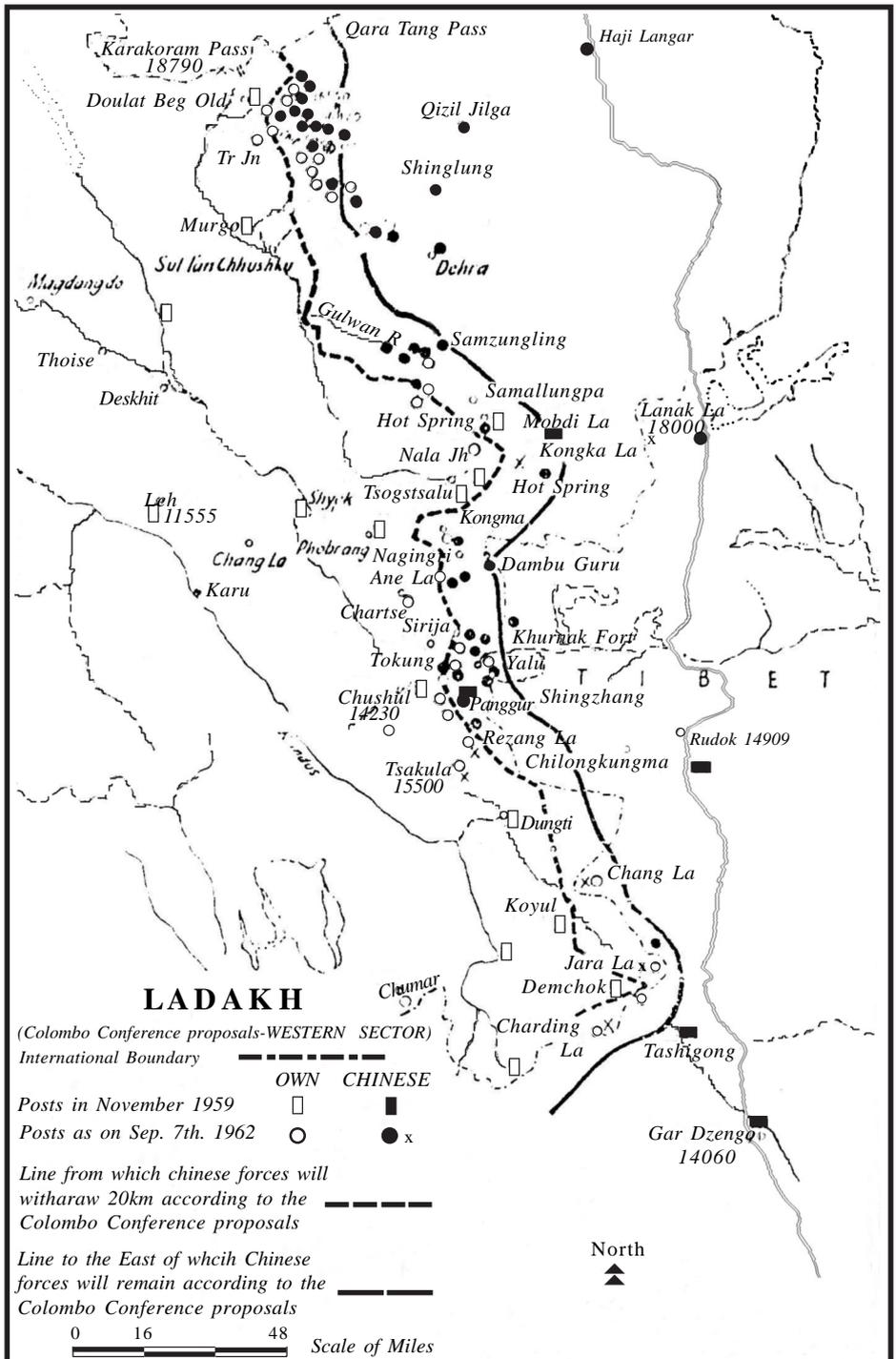
- (a) To punish India for: (i) giving shelter to the Dalai Lama and US/India intervention in Tibet(ii) For developing friendship with Russia (iii) for toeing the line of imperialism
- (b) To secure propaganda advantage over India and (c) To compete in India's progress.

India's Motive:

- (a) to isolate China (b) to bargain with imperialist powers for securing assistance (c) to be benefited from Sino-Russian rivalry and (d) To divert the attention of the toiling masses of India

Nehru's Mistaken Conception

- 1) To advance in Aksai Chin was a political requirement to pacify public opinion that had been aroused by



Western Sector: Colombo Conference Proposals

irresponsible Indian opposition leaders like Lohia, JP, Atal, Kripalani, etc. Lohia and JP misled the public by resorting to shrill war mongering and Nehru had to silence them.

2) China would not retreat, but the Galwan valley was an example where China withdrew.

3) The Indian advance in Aksai Chin was like a game of chess — Lohia/JP had to be silenced by adopting aggressive postures.

4) The pass route of Generals B.M.Kaul and B.N.Mallik would facilitate quick decision and follow up.

5) India thought that world opinion was in India's favor. Because of the Dalai Lama factor Buddhists worldwide would support India. The third world, Russia and America would support India as the Americans were at war with China and Russia was jealous of China.

6) America's game of containing China would benefit India. The contrary happened. China became the most favored country of America for economic purposes (*after capitalist restoration in China..... Editor*). No Buddhist country or the Third world supported India. Russia remained neutral. Nehru's hope and calculations

were shattered and ultimately he collapsed.

7) India's press was impatient, the opposition was irresponsible, officers were unimaginative; the 1962 debacle was a failure of the rotten system of India.

China's Role in Border disputes During Socialist Period

1) China ceded substantial area to Pakistan in front of the Shimshal pass, Darulza pass in the Uprang valley and the Mustagh valley in 1963. China gave nearly 750 sq miles of land to Pakistan.

2) China accepted the McMohan line as the border between Burma and China

3) China ceded 500 sq kms in the Manang Bhot area to Nepal

4) China signed a border treaty with Mongolia in 1962

5) China successfully signed a border treaty with Afghanistan

6) China signed a border treaty with Laos

7) China wooed America

8) China exploited its own resources and became self-sufficient, self-reliant self-oriented and self-centred; whereas India

became a dependent country, an appendage of imperialism.

Conclusion

1) India should depend upon its own resources such as solar energy, hydroelectricity, entrapped methane off Koramandal seashore, manpower and technical know-how, etc. it should move towards self-reliance instead of dependency.

2) The border dispute should be resolved:

Ladakh Sector: India should abandon the claim beyond the Karakoram range. China should withdraw from the Indus river system glacial area in the Shyok valley

Central Sector:

The status quo should be maintained as the border is established based on tradition and the watershed principle.

Eastern Section:

With minor adjustments the McMohan Line should be accepted.

3) Both countries should cooperate in building dams on the Satlaj, Parichu, Gandak, Ghagra, Kosi, Subhansiri, Tista, Brahmaputra in the Tibet area, and reap the benefit jointly.

DA

Continued from page 23

14 people were killed and some injured. As long as the gangs had a free hand the Koirala government, a stooge of the Indian Congress, did nothing, but now, when the Maoists have begun to retaliate, most districts in the Terai are under curfew.

Till now the Indian government has been silent but now they have given instructions to the SSB (the para-military force guarding the border) on the Indian side to stay on full alert. In mid-Sept India's foreign secretary, Shiv Shankar Menon, went rushing to Nepal. The MP from the border area, Yogi Adityanath, has called for Indian intervention in Nepal to protect Hindus; and the Hindu Yuva Vahini UP chief, Raghvendra Pratap Singh, said they would defend the Hindus in Nepal.

The Indian rulers are creating scare as though thousands of refugees may enter India and create a law and order problem in India. They are thereby creating the grounds for intervention. The SSB chief has over-active giving statements of this

'fear' and has been camping at the border saying that over 10,000 people are waiting to cross over into the districts of Siddarthnagar and Balrampur of UP. He said every individual crossing over is being thoroughly searched.

Such destabilization of Nepal is connected to the fact that India has massive business interests in Nepal and these have been severely affected since the Maoists have been actively mobilizing their unions to demand their rights. Dabur, for example, which is the Indian company with the largest interests in Nepal, has been forced to close down its plant in Birganj. Also many other Indian joint ventures are having a tough time with Maoist unions demanding proper rights for the workers. Till now they were able to fleece them at will. In mid-August two pro-India newspapers were forced to close down by the unions — The Himalaya Times and Anapurna Post were owned and promoted by Indians. In addition in the last few months Chinese business interests have made a big entry

into the tourist sector (the mainstay of the Nepal economy) — they have taken over the management of 14 hotels and are negotiating with six more. Both Oberoi and Tatas have moved out of Nepal. Yet, Indian business is trying to sign agreements with Nepal to further their penetration as was the recent agreement between the Unite Bank of India and the Everest bank of Nepal.

It is no wonder that the Indian ruling classes are worried and fomenting trouble in Nepal. In this they have the full backing and guidance of the US imperialists who have been playing an overtly active role in Nepal from the very beginning.

The Indian people strongly oppose Indian meddling in the affairs of Nepal. They demand that the Nepal people be allowed to decide their own future and that they have the right to kick out all imperialist and Indian businesses from the country, so that the wealth of the country can be used to build their own country and not robbed by the imperialists and expansionists.

DA

RIVER INDRAVATHI & ITS CHILDREN

A Peak into an area, affected by *Salva Judum* and advancing in Establishing People's Power

Raago

INDRAVATHI is flowing. Which is the mother hill of Indravathi and when was it born? No one knows. It has been flowing for centuries. It starts in Orissa, comes to Chathisgarh, goes down to Maharashtra and joins the River Godavari in Andhra Pradesh. This river system has been sustaining a rich variety of flora and fauna from ages. This river system has attracted many streams of people. Hundreds of villages have been thriving on the banks of this mother river for generations.

Indravathi never drowned the people. It absorbed the sweat of the people and made them fresh. It drank their tears and shared their sorrow. It was like the blood of mother earth feeding the hungry bodies.

River Indravathi is the evidence of the people's development. Indravathi witnessed a change in people's lives after generations. The Indravathi absorbed the struggle of the people for this change. It came to know that the goats were chasing the tigers and the ants were forming armies in this struggle. It understood that this is going to take the people to new heights. It extended help even in extreme conditions. It was a bridge between the hills.

It smiled seeing the unity of the people. It cheered at the death of people's enemies. It became a struggle in the struggles of the masses.

Indravathi became a thought. The people of Indravathi joined hands. They became an organization. They became bow and arrows. They became weapons. They became bombs. They took a big step forward and became a government for themselves. Indravathi has seen a lot of people's governments in this area. It saw a lot of development that these governments brought!

Indravathi realized that it is able to help the struggle up the hills with its flow. It heard that the enemy had set an eye on the hills. It understood that the government is trying to displace the people and establish an air base. It understood that the enemies are no more going to let it flow peacefully. It has been seeing them. It has been hearing them. It was expecting the blow. It was preparing for the situation. The expected came before its eyes. The expected actually

happened.

Indravathi bore the khakhi boots that trampled on it. It became the charred ashes of the burnt houses. It became the agony of the sisters whose bodies were spoiled. Indravathi became a torturous death.

Indravathi saw many deaths. But it never imagined it would have to see this kind of deaths. Indravathi was moved. It shed tears. It is shedding tears and flowing.

Is this atrocity called a peace campaign? Is this named *Salva Judum*? Is this not a lie? How people love peace? Is it not stark clear who destroyed peace here? This story, the sorrow must not go away with the stream. It must be made known to everyone.

This is the story of how Indravathi is raging with hatred, how it is planning new tactics, how it is protecting its streams of people and streams of struggles.

The Rivers! Seas! Forests! Villages and towns! Fathers and Mothers! Sisters and Brothers! Will you listen to this story? Will you listen to the life stories of the children of Indravathi?

Come with me. I will show you the people. You can hear them....

Now there is no water here. One can walk and cross the river on foot. It is winter. It is not yet one month after the New Year started. Six years have passed in this century....

Here begin the villages of Indravathi. Yes. You will not be able to see the people in the villages. They have left the villages. It was never like this. Indravathi did never drown the villages even during heavy floods. The people never needed to leave the place. But now the situation is different. People cannot live here. No one knows when the police marauders would come. No one knows how many of them would come. They would abduct anyone whom they see. It is one year since this situation started. Five years of this century were coming to an end when *Salva Judum* attacked this area first time. *Salva Judum* burnt the people's houses. It destroyed their crops. It raped the women. It killed the men. So when *Salva Judum* came the second time the weapons were ready. If the weapons were not there, it would have led to more devastation. The *Salva Judum* leader could not withstand this resistance and fled in a

helicopter in no time. The police who walked the three hour distance for three days also felt relieved and followed the leader.

After this, they did not come for a long time. They came after six months. Monsoon has not yet commenced. They came for three consecutive days. This time they did not burn the houses. But they picked up people and took them away. They put them in the hopeless, torturous '*rahath*' (relief) camps. Oh! I will have to tell why this attack started. I must tell you why the government unleashed repression on such a massive scale on these people. I will tell you.

When did the Indravathi movement start? How did it grow?

Armed squad had been visiting this area from a long time since the Maoist party entered Dandakaranya. The activists were going there since April 1988. The Maoist party rallied the people and killed a cruel landlord, Podiya Karma who controlled all the villages in this area. It organized struggles for land in this adivasi feudal society where adivasi lands were usurped by moneylenders and traders under one pretext or the other. The sons of Podiya Patel surrendered. Maoists held a meeting attended by the people of eighteen villages. The people voiced the atrocities they faced from a long time. They discussed what to do. Finally they decided that the sons of the slain landlord must pay ten thousand rupees, 5 *Kandis* (one *kandi* equals to roughly 20 kgs) of paddy, 1 goat and 1 pig to the people as compensation. They also made them pay the fifteen thousand rupees that Podiya Patel forcibly squeezed from the people.

People form mass organizations

One year after the squad started functioning here the mass organizations started being formed in this area. When the landlords fled from the area the people occupied their lands. 1,175 acres of land became the property of the people. Apart from this, 170 acres of land was taken from the rich peasants, 210 from those who left the village and 550 acres of wasteland was also put into good use. People seized lakhs of rupees worth money, gold and silver from the enemies of the people.

The government propagates falsely that only armed Maoists do this. But it is a

fact that people actively participated in these struggles. That is the reason why they organized themselves into mass organizations in the later period.

The people corner the government representatives

After they gained upper hand over the landlords the people took on the government representatives. When the party told them about the fake reforms they understood the reality that the government representatives had done nothing for their village. They brought the *Sarpanch* and the *Sachiv* (secretary of the panchayat) to the people's court and questioned them. They made them to return back the money they swallowed from the government in the name of undertaking development activities. The people utilized this money for the benefit of the poor people.

They started joining the party

Why would the people keep quiet after gaining such a consciousness? They started joining the party. At that time the old customs and habits were still prevalent. Women faced a lot of hardships. Traditional marriage was one of such hardships. A girl had to marry any person her father chooses after receiving bride money from the groom. Once married the women have to remove and must never wear their jackets. Rago resisted such customs because she did not wish to marry a person for whom she had no liking and did not wish to go bare chested after marriage as the custom demanded. She rebelled. She now thought that the real solution is to join the party. She showed the way to many young men and women to join the party in the later period. Now you can see the sons and daughters of Indravathi wherever you go in the Dandakaranya.

They initiate development programs

People suppressed the oppression. They exposed the government. Now they have started bettering their villages. Under the guidance of the party they formed work teams. These teams started collective production work. The people observed these teams with wide open eyes. Their eyes were opened. They understood the benefit of collective work. Gradually they started to lay plots, ponds and took up fish culture. They started tilling land collectively. Moreover they built cement wells. They dug ponds. This earned them considerable revenue. They built and

repaired houses. They bought cattle. They distributed seeds. They sowed *gingelly* (an oil seed), lentils, jowar, green gram, horse gram and other such things. When there was famine they were able to distribute twenty five thousand rupees to the affected.

Did they do all this work in the name of the party? Did they do it in the name of the people? These are the normal questions any one would like to ask. Yes it was the party that educated the people about each and everything. It taught them politics. It took them forward. The party brought out the inherent potential of the masses who were like buds about to bloom. Party became one among the masses. The masses became one with the party. The buds bloomed in to flowers. The flowers became fruits. The organization became a big tree. It took roots. Now they realized that they had a good foundation. They believed that they themselves could now govern their own villages. They started forming people's governments.

Salva Judum - counter-revolutionary military campaign

The people conducted struggles with the slogans, 'All powers over the forest belong to us', 'Let us fight back the comprador bourgeoisie' and are fighting back each and every attempt of the exploitative government. The government tried to suppress these fighting masses. If not, it thought that it could not implement the agreements it made with Tatas, Ruias, and other such big comprador houses, worth crores of rupees. Apart from mineral deposits, the Maoists and the people under their leadership are strongly opposing the exploitation of the forest wealth by these comprador houses and the MNCs. The police are unable to go five kilometers beyond the radius of their police station. The level of peoples' resistance created doubts among the ruling classes about their very existence. So the state unleashed repression on a large scale. It launched a big campaign of terror called the '*Salva Judum*'. The attack that started in Dantewada district extended to the Indravathi area after six months. The state sponsored goons burnt around one hundred and fifty houses in two days. They arrested scores of people.

Militia Organized

The life until now was not like this. They brought the landlords under their control. The government representatives

were controlled. The people understood that it is now time to face the police directly. Does the party lack in military experience? Does it lack in the military theory? It told the people what to do and how to do. It developed the militia in all the villages. Men and women joined the militia in a big way. The guerilla forces under the party's leadership imparted military training. It taught them how to lay booby traps. The sons and daughters of Indravathi learnt a lot with just one experience. They rose to the occasion. They decided that the police should not come to their villages for the second time. They were eager to deal a big blow on the police. The villages in Indravathi entered the war phase. They dug trenches and put mines. They camouflaged them. The police do not know about the bombs. But all the people knew.

The police looted whatever article they can. They burnt houses and granaries. So the people planted bombs outside and inside the doors of their houses. They planted bombs here and there, in the pathways, near the buildings where the police are likely to camp and other such places. The police were scared about these bombs and booby traps. The police were told that there would be a meeting on the 8th January in Thakilod village, to be addressed by the big leaders of the *Salva Judum* goons. The police were ordered to go first and clear the route for the leaders to come. Mahendra Karma, the leader of *Salva Judum* is to come to this meeting. The police came with detectors to identify bombs and came to the place of the meeting. They were quite tense. The meeting was going on. One of the policemen was tired and went under the shade of a tree. He leaned on to the tree and put his leg to one side. There! Dham! There was a booby trap there and he died on the spot. The leaders hurriedly ended the meeting and left by the helicopter. The police too followed them on foot.

The police thought they could not win the area in this way. So this time they came during harvest time when the rains receded. The party and the *Janathana Sarkar* (people's government) together resolved to take up harvesting under the protection of PLGA forces. They sent the old and the children away from the villages. Those who could work and the PLGA members got down to harvesting. There was PLGA on the bank of Indravathi. Here in the fields harvesting went on. For the first time, the

harvesting was over in fifteen days in these villages. But the police raided some villages. The people had to run leaving the fields. In some areas they finished harvesting and stored them. The police could not get hold of this crop but the cattle ate the crop in some villages where the people had to evacuate before they could harvest. However after the harvesting the people retreated to the forest for safety.

People leave their villages

Can you see the fire here? They are not the forest fires. They are the fires lit for cooking food. The people here have come from Thakilod village

Thakilod

Cool breeze from the flowing stream. This old man is suffering from fever and the squad members are getting ready to treat him. The people are shivering due to the chilly wind. They do not have proper clothing to cover themselves. They do not even have proper cooking utensils. Why did they not build houses here in the forest?

‘We would leave to our village by the time the monsoon starts. So we did not build any shelter’.

What about rice?

‘We stored it in the village. We go and get it as and when needed. But since the police came even before we could harvest our crop, the cattle ate up the crop. The first time the police came suddenly and so we could not bring the cattle with us. Later as the grain storage place was not high enough the cattle could reach it and eat away the whole stored grain. Since the police came we did not even sow vegetables. Now we left the cattle. What would they eat here? There they could at least eat the dried crop and reach the houses by evening’.

There was a school in Thakilod. It was closed due to the *Salva Judum* onslaught. Now the children are studying in the school the *Janathana Sarkar* is running. This is the story of that village.

Belnar

These temporarily built houses at a distance of half an hour walk are of the villagers from Belnar. Out of the 196 families in the village, 91 left due to the *Salva Judum*. The situation was so tense during that time. Later many returned. The credit goes to the militia. Since it was the first time, the people were afraid what would happen and fled. The militia stood firmly. It did a lot of work. It harvested the crop,

gathered it and stored it. Those in the *Rahath Sibirs* came to know about this information and returned. The villagers of Belnar and Vangel then built temporary houses.

‘Police are coming daily. They are killing, arresting. How can we stay in the village? So we came here. Now we would do what the party tells us’. These are from Gundemad village. The police have a special eye on this village. The village had contributed many of its sons and daughters to the party. The police attacked such villages more often.

Vangel

These houses belong to the villagers of Vangel. Initially all the people of this village ran to the *Sibir*. They stayed there for about one month. Neither the police nor the state offered any help to them.

‘There was no food to eat. There was no proper shelter to stay. We sold fire-wood and filled our stomach. Moreover they used to beat us daily. It was not the police. Those who went away from our village and became Special Police Officers (SPO) beat us. There is none in our village that did not receive beatings.

‘The journalists come to the *Sibir* daily. They used to enquire us how we were living. After sometime we came to know about the situation in our villages. We thought and decided to return. Now this is how we live’.

Let us hear what this grandpa is saying – ‘*Naanu dollanane. Igga baatha dorikintha? Bele bathakana/ bele bathanaka? Naa veda thagane manji dollakan*’ (I would have died. What is available here? How to live? How to live? I shall go to my field and stay there. I wish to die there).

Do not say so grandpa. We are together with so many people. OK. Where are you from?’

‘I belong to Mattanar beyond Bhairamgarh. My father brought me to Markapal. Later we came to Vangel’.

It is bad that you had to leave your crops. Is it not?

‘If we were in the village we would have sown paddy, green gram, *gingelly* (an oil seed), mustard and vegetables. Now nothing is possible. Tell me. Can a farmer stay like this without work? It is because of the platoon and the militia that we could obtain a little crop.

Most of the villagers are migrants from the other side of the river because of lack

of land to till in their original villages. The villages slowly increased. The Indravathi gave shelter to all of them.

Is this the first time that the people faced such attack? No. the attacks came in the past too. Once the police came to Vangel and abducted a man. Then the whole village went and held a procession in protest.

In Palli Maase village, a woman was arrested and raped. They arrested Chaithe. Later they killed them both. Then the people did not keep quiet. They went and demanded that the policemen responsible must be punished.

Uthalai

‘We came here after the harvest. We were able to harvest much of the crop. After we came here our daughter-in-law died. This is her child’.

They belong to the village Uthalai. Uthalai is another village near the river. The police raided it many times. When they raided it in last June they arrested 20 persons.

‘We sowed tomato in the village. But the plants died. We were not there to look after the plants. The police stole even our utensils’ – a middle aged man.

‘Since the party came we could save at least a little of the crop’ – a woman.

This woman sitting in the doorway lost her husband in the attack. Both of them were in their field. The police came and encircled. The woman went to the stream to get water for their son who was suffering from fever. By the time she returned the police killed her husband. It was 22nd November. ‘They took away my husband’s body like that of a pig’ said the woman with tears in her eyes.

The police came to this village this 29th. They arrested a man and a woman. The daughter of this woman was arrested and raped few days ago. Now that daughter works in the militia.

Bodaga

The people of Bodaga live here. The police attacked their adjacent village three days back. ‘Then we went up this hill at the back. But we could not climb after a while.’

Who told you that the police came?

‘The militia was on the sentry. They told us’.

The people living here too are from the village Bodaga. Their houses are by the side of the hill. But in the given situation they are afraid to stay here. They have come

by the side of the hill. For a few days they stayed near the stream. Many fell ill. They returned after they were sure of the situation. See this girl shivering from fever.

People's doctor

The woman coming here is a people's doctor. She was trained in the armed squad. She makes rounds with medicines and gives them to the needy patients. She also tells them about the need for hygiene. She is assisted by others.

Tadom

The people from this village Tadom too have come because of the *Salva Judum* attack. This old man was born in the village on the other side of the river. His father brought the family to this place. They came here in search of land.

'How are we to live? The police are chasing us. The party must tell us. What could we do? The party has weapons. That is a sure protection for us'.

'*Paddikothor, Mekakun othor, Korkukun othor. Mirri Vaathom*' (They took our pigs. They took our goats. They took our hens. We escaped and came here).

What shall we do now?

'*Dongalorukun howkaka!*'. (We shall kill the thieves).

The people of this village caught fish and earned a living by selling them in the nearby markets. But since the time of *Salva Judum* the markets were closed by the police. Now they are unable to go anywhere to sell their fish.

Police once again

Today the police came to Palli. They did not go around much. They crossed Indravathi and went to the Palli village. They picked up a man but he escaped. He rushed back to the militia on sentry and informed them. The platoon immediately went to counter the police. But the police left by that time.

Ponada

What are you doing uncle?

'I am weaving a mat'.

Would you tell us what happened when the police came to your village?

'What could I tell? They took away my son. He went to the market along with others. Since the police are unable to catch hold of anyone in the village they are picking them up from the markets. They arrested another woman and two children. They escaped. But my son could not. I do not know where he is now. I do not know whether he is dead or alive'.

The old man's wife died a long time ago. Now he is staying with his married daughter. One more daughter is yet to be married.

Presently the people are waiting for the *Mahua* flower to bloom. *Mahua* is a major source of income for the people in this area.

The villages 'Vedama' and 'Dunga' too were affected in the first attack of *Salva Judum*. Many joined the movement from Dunga too. So this village has become a target for the police. They have burnt many houses in the village. Now, in this situation the people of these villages too have come near the hill.

How are the people to be protected?

Come here. This is the militia platoon. Yes. Now the militia too has been organized into platoons in Dadakaranya. It is getting strengthened more and more. It is planning and executing many military operations. In fact, forming platoons in the militia has been in discussions for quite some time. Then the *Salva Judum* came. This accelerated the decision. Why do you think we do not see many youth, both men and women in the villages? It is because none of them are staying with their families. Most of the youth have joined the militia. Earlier militia members worked staying at homes. Now the meaning of militia has changed. Don't you see that many people are using the words militia and sentry? The importance of the militia has increased that much. Now there is a new family in the villages. And that is militia. The members of the militia are staying together as a unit in the forest adjoining the village. They cook, eat, sleep and operate from this place.

Do you see this den of the militia? Here is the fireplace and there is some food material. Their belongings, nothing but a pair of clothes, bed sheets and other such things. The small sacks are suspended to the shoots of long bamboo plants.

'There are 25 of us in the militia platoon. In the repression period the leaders of the mass organizations too have joined us. Early in the morning the commander of our platoon takes the roll call and distributes the work. Then the patrolling batch starts. While returning some of them stay near the sentry post. One returns to the den to cook'.

They would later take the food to the sentry. Apart from sentry duty, patrolling and other such things, the militia platoon members also grind paddy, help the squad in miscellaneous works.

How do you meet the cost of food and other such things?

'Last year our *Janathana Sarkar* looked after us. Then they discussed and allotted certain land to the militia. This year we produced our own crops. We sowed paddy and *gingelly*. The crop is kept for our consumption. The militia platoons in our area produced 1500 quintals of paddy this year. We are now able to meet the costs of our clothes and other such things. We can even give some for the main force of PLGA'.

The self confidence! The service mind! Yes. This is the people's army. Out of the three levels of forces in PLGA, militia is the basic force. Perhaps the *Salva Judum* suppression campaign helped the party and the people's army in a way! It seems that they have implemented all what they have decided earlier in a much speedier and stronger manner.

Sharing the sorrow of others

Hardship identifies hardship. Sorrow realizes sorrow. The forest is not narrow. The people's minds are as broad as the forest. The people of Indravathi suffering hardships due to police attacks on their villages are providing shelter to the people facing similar situation on the other side of the river. There was nothing like, '**there is no land in our village, there is no place to live**'.

In return, the villages on the top of the hill are helping the villages of Indravathi. **This is the relation between difficulty and another difficulty. This is the understanding between a sorrow and another sorrow. This is not providing shelter. This is a new kind of life, a collective life.**

Efforts of the mass organizations

What did the *kisan*(peasant) organization and the women's organization do in this repressive situation? The name of this sister is Seema. He is Budru.

Where are you coming from sister?

'From the meeting'

What meeting?

'We conducted meeting with the people living in the camps away from their villages'

What did you discuss in the meetings?

'Well, we listen to the problems of the people, we do what ever we can. Since many people have come to stay in one place we are also telling them about the necessary precautions to be taken to avoid the

occurrence of diseases. We are also telling them not to panic. We tell them where to go, what to do, how to protect their goods when the police come’.

Did the *Salva Judum* stop your activities?

‘No. Wherever we were, we were with the people. The people are here and we are here. Whatever our organization did all the while it is continuing to do so even now. The meetings are going on. We are staying with the victims of the *Salva Judum* and the villagers who have come from the villages. We are helping the women. We are making them part of production activities.

‘We are conducting meetings of the people and telling them how to understand the situation, how our organizations are working, how this repression came up and other such things. We are telling them how to protect their crops. We are telling them how we could maintain and develop our villages in this extra ordinary situation.

How did your women’s organization work during *Salva Judum* onslaught?

Many women were raped during the *Salva Judum* onslaught. Sexual violence is one of the weapons the police use to subjugate the fighting masses. When we had prior information about the police we would alert the people and evacuate them. If we come to know only after the police left, we would immediately go to the village and meet everyone. We will enquire about their requirements and see to meet it. If there were any women victims, we treated them and also gave them courage.

Son of a woman victim joins the PLGA

‘In Palli village the police raped one woman and abandoned her, thinking she died. Immediately after the squad came to know about the information it went and treated her. It kept her with it for a while and gave her medicines. Her son joined the PLGA forces. He is now working in another squad’.

Woman’s organization grows and takes up political struggles

In fact, initially the *Kranthikari Adivasi Mahila Sanghatan* (KAMS) worked, taking up only the women’s problems and took up agitation and propaganda activities. As the class struggle intensified some of the problems arising out of patriarchal tendencies were solved. Though we see bigamy here and there, now there is fundamentally a consciousness that the



men and women are equal. Traditional marriages where a girl has no choice, wife beating have come down to a considerable extent. So now the woman’s organization is able to concentrate more on political issues. It is mostly taking up the work of raising the political consciousness of the women and making them part of the activities of the party, the PLGA and the *Janathana Sarkar*.

If anyone is arrested in the village, the women go together and get them released. The women became part of the various agitation and propaganda activities. The women of Indravathi have this experience. So in the present situation they could raise to the occasion. They understood that the main aspect for them now is to protect their village. So they joined the militia. They are on sentry duty, take up production and other such activities.

Moreover, some women also understood that this situation is not only affecting them but the whole country. With the education of the party that this is part of the whole liberation of the country, they joined the party as professional revolutionaries.

The story of Ruki who joined the PLGA.

‘My father died in my childhood. When I was a little old my mother died. I and my brother were alone. Since both our parents died our uncles and other relatives did not come forward to look after us. They believed that if they look after us they too would die. Superstitions were in such a way. Moreover they were not ready to take up our burden into their hands.

By the time our mother died, I did not know how to grind paddy. With my little

experience, I used to grind for a long time and two times a day. My brother too was small. We could not do much work on the field and so we could not obtain proper crop. That year we managed with the old crop. But the next year we did not have seeds. So we sold a cow and bought seeds, clothes and other such necessary goods. After a while all the money was spent. Now what to eat? So Ruki had an idea. She extracted ‘flour’ from *Goraga* tree (Fish Tail Palm, the tree out of which *toddy* is extracted). There was some left over horse gram. Meanwhile Ruki brought their sister’s young daughter to their house for company. When her sister died the brother-in-law came and asked them to return his daughter. But he was a drunkard and did not look after his other children properly. One of the children joined the *Salva Judum*’.

With the formation of the *Janathana Sarkar*, the problems of Ruki and her brother were solved. *Sarkar* saw their situation and gave them land. They worked hard in the little land they had. They took out a good crop. Though they did not have elders to look after them the small girl became their accompaniment. When both of them went out she looked after the house.

Ruki saw what the organization did. She saw what the *Janathana Sarkar* did. She saw the new life the party gave to many people. She understood that this new life must be available for many more. She realized that it is not enough if she obtains help. She decided to join the party to fulfill her duty.

‘If you leave I would become alone, said my brother. He did not want me to join

the squad. He asked me to stay back and work in the mass organization. But I told him that the girl is there. He did not oppose me. Now whenever I go to the village the girl comes and says to me, 'You brought me to your home but you left'. I just smile', said Ruki.

Where are the Janathana Sarkar representatives?

The representatives of the *Janathana Sarkars* are not to be seen. Yes. They are busy with the task of conducting their meeting. They are now reviewing the situation and the work of their villages and Sarkars. They are preparing reports. Let us meet them at the meeting place.

There is one more thing of interest, which we must attend. Since the police were raiding villages daily, the people were unable to celebrate their '*Gadde Pandum*' - normally celebrated in each village after they harvest the crop. So, the *Janathana Sarkar* decided that it would conduct the festival. It also instructed the people to try to celebrate it in their villages. Some were able to do it. In some other villages they had to abandon it midway when they came to know that the police were coming. Now everyone is getting ready to go to the festival being conducted at the area level. As cockfights too form a part of the festival, cocks are being fed for the past few days. (A report on this unique 'Festive Protest' appeared in the DK Special supplement of the July issue of the *People's March*.)

Two days after the festival

There was a *gram sabha* (village meeting). While going to the *gram sabha* the sound of a helicopter was heard. It returned in ten minutes. Even while we were thinking what it could have been we heard it again. The third time it did not return. We understood that something happened. So we listened to the radio during the meeting.

A booby trap exploded in Pundri village on the other side of Indravathi in which 5 policemen died and 12 were injured. We told this news to the organizer. The woman comrade conducting the meeting informed the people. The people evidently felt happy. It is happiness because the police who made them suffer died. Why would the people not feel happy when the Naga police who killed their people and took them away without even giving them the dead bodies, died. This is not exactly happiness. It is a feeling of revenge. Ordinary 'humanity' cannot understand this. It could

be understood only if classes and class hatred were understood.

Bhumkal divas

Bhoomkal divas (day) is to be celebrated in another two days. On that day, the 10th February, the *Gond adivasis* fought against the British in the villages of the Maad area. The *divas* is celebrated to commemorate that glorious struggle and the leaders who laid down their lives for the struggle.

Police once again

Preparations are going on for the meeting. Messages are being sent to various villages. The leaders of the *sangh* (mass organisation) are going here and there. The representatives of the *Sarkar* are preparing this and that. The meeting is to be held the next day. Early next morning we received information. The police are on the way. They came the previous day. They came in three batches and stayed in Thakilod village that night. They arrested a few people out of which two were young women. They raped them the whole night. The other men and women sitting outside could hear their cries the whole night.

The police thought they came without the knowledge of anyone. But the PLGA got the information. It immediately went in pursuit. The police arrested 20 persons and were crossing Indravathi. Then there was firing. Two *jawans* of the Naga battalion died in this firing. The rest of them crossed the river and fired many rounds, including shells. They created a scene of 'encounter' and killed six persons in cold blood. The two women who suffered the previous night too became dead bodies. The police did not even leave the dead bodies. They did not allow the bodies to be taken by the people. They threw them in the Indravathi.

How could the meeting be conducted now? It was stopped. First the people are to be looked after. It is to be verified who died. The wounded must be treated. So the party, PLGA and the mass organizations became busy with this work. *Bhoomkal Divas* was celebrated in other areas.

Student victims

There are student victims too in the *Salva Judum* onslaught. Due to the closure of the schools as they were turned into police camps, some had to suddenly stop their studies. Some others had to stop when the police were in pursuit of them.

Let us meet Anil. He studied unto 9th class. He had to stop his studies suddenly. Now he is working as a squad member. But

what happened? Why need to stop his studies arise?

Anil studied up to 5th class in his native village. He went to a small town for further study. There he was promised accommodation in the hostel but none materialized. In order to continue studies, he rented a room along with 25 others. The *sachiv*, the representative of the government, as per rules, is supposed to give them rice and other essential things. But since this was never enough, the students had to get rice from their homes. Thus he studied for three years.

When the state government launched the *Salva Judum* campaign, claiming it to be a campaign to 'liberate' the adivasis from the 'evil clutches' of the Maoists, Anil's native village and the surrounding areas were one of the targets. It is a riverside village with a good agricultural yield. It is also strong in organization and revolutionary politics. The people were not only united in the mass organizations but were also forming their own governments. So the police were very keen to catch the leaders of the area.

Anil's brother, Idumal was a leader of the militia. When the police made enquiries about those who did not flee from the village to the *Salva Judum rahath sibir*, Idumal's name too came up in the list. It was also informed that his younger brother was studying in such and such a place. The police went in search of the younger brother. They went and enquired the *sachiv* about 'the boys from the other side of the river'.

When Anil accidentally heard about the police enquiries he escaped. He went and met his brother and told him what happened. His brother said, 'OK, you have studied for three years and we also spent money for your education. Now in this situation you need not go there. stay back'. He put his brother in the militia. Anil was already in touch with the politics of the party through the student activities. Now he was recruited into the militia. The student until yesterday became part of the defense of his mother village.

After a few days Anil went to the weekly market. When he returned he found that the police came and ransacked their house. Idumal was already away from home in the militia. Their father was out at work. Their mother was alone at home. The police beat her and enquired about her elder son. They burnt the house. The stored crop was

lost. The activists treated his mother's injuries.

Anil did not feel like staying home. That day onwards Anil left his home.

'What is this? They are not allowing us to live our lives. We are not allowed to study. What to do at home? I thought I would do whatever I can and that to at a full fledged level. I too joined the militia like my brother. As a part of the collective production work we used to work in our family's land too. After 7 months I was recruited into the party. Now I am working in a LOS'.

Let us hear to what Konda has to say. Anil and Konda are friends. Konda's uncle was a *sarpanch*. Konda's parents died. So he stayed with his uncle and went to school.

Konda was studying 9th. One day when he was in the school the police called him and took him along saying his uncle sent word for him. After a while he realized that he was being taken to the police station. He was angry. He questioned why he was brought to the station. He resisted when the police tried to drag him. He managed to escape from the police, later when he was being taken in a van. He straightaway came to his area.

'I went and told the organization. They sent me to the squad. After I discussed with the commander we thought that it would not be advisable to join the school again. So I joined the militia and later joined the squad.

When Konda was working in the militia he killed a leader of *Salva Judumgoon gangs*, along with another member. They killed him while he was traveling in a bus.

'If he was alive he would have burnt all our villages'said Konda.

Are these instances not enough to say that the propaganda of the government that the naxalites are not allowing the schools to run is wrong? Is not the government stopping the students from studying? Did it not send the police and stop the students going to school?

Meeting of the representatives of the Janathana Sarkar

Konda left on some work. We started to the meeting of the representatives of the *Janathana Sarkar* with Anil, Ruki and others. The meeting is scheduled for tomorrow and everyone reached this evening. All of them are adivasi farmers. The representatives of the 'bourgeois government' who came to power with false

votes and the people's representatives here are absolutely different. The level of consciousness of the representatives was revealing in the meeting.

There were no heated arguments. No chairs were broken. No mikes were bent. There were no walkouts and suspensions. It was not at all difficult to maintain silence. The representatives went to attend nature call only when the presidium announced a break. There was lively discussion on certain social and cultural issues that came before the *Sarkar* for solution.

Except for the person from the party leadership committee and two observers the rest of the representatives were all adivasis.

Like in any meeting, initially the representatives, the PLGA members who came for protection and the militia members took out a procession. The president comrade of the *Sarkar* was walking in the front with a red flag attached to a long bamboo stick. It seemed to be revealing that the people's power is in red. It also seemed to tell that the same blood red gave power to women. The president comrade was a woman! She is the member of the Divisional Committee. So many comrades who laid down their lives for the emancipation of this mother earth are visible in this red color flag. If only they were here, how happy they would have felt to see their dreams come true!

After the red flag was hoisted and homage paid to martyrs the meeting started. The members of the *Sarkar* committee stood near the doorway and gave the badges to all the representatives and sent them inside the hall. This shaking of hands was not formal. It was a firm handshake with the heart overwhelming with the enthusiastic fact that they are able to step forward in struggle amidst repression and in the spirit of the martyrs. Apart from the members of the various sub committees of the *Sarkar* there were representatives from mass organizations, PLGA and the higher committees of the party.

After the inaugural speech, the speakers spoke about the jail comrades. There were messages from the Special Zonal Committee and the Maad divisional committee. The leaders of the various mass organizations spoke.

The program and constitution of the *Janathana Sarkar* were explained by the president of the *Janathana Sarkar*. The program went on in two sessions. The representatives asked for some clarifications. There was a discussion

about marrying at a young age, widow re marriage and distribution of property. Naturally all the representatives spoke on behalf of the women.

Another issue that led to an intense discussion was about collecting money through the collection and sale of the *Mahua* flower. It was regarding revenue for the *Sarkar*. One woman representative who was a member of one of the sub committees spoke. She said that if the *Sarkar* did not collect revenue, it would be difficult to conduct various kinds of development programs and so money could be earned from the abundantly available *Mahua* flower. Another male comrade said that since their village is exactly on the riverbank, they are unable to collect the *Mahua* and that they can do so only if the platoon or the company stays with them.

After the constitution was explained, the report on the activities undertaken until then were discussed. There was discussion during this report too. One of the interesting points of discussion was about the state government's statement that it would allot land *pattas* (land title deeds) for the *adivasis*. When the *Sarkar* committee opened the issue for discussion the representatives responded thus –

'We are tilling, we are producing the crop. Who is the government to give us *patta*?'

'It will give us *patta* and loot money'

'Earlier there was none to resist and so the forest officials looted. Now the party is teaching everything and is leading the people. So they are not coming. What for is this *patta* now?'

Children of the Janathana Sarkar School

It was 5'o clock in the evening of the second day. Children just half a meter high above the ground started coming in a line. They were wearing green shirts and black shorts. They were twenty five in number accompanied by two elders. They are the students and the teachers of the school run by the *Janathana Sarkar*. They shook hands with everyone, said *lal salaam* (red salute) and went and sat outside the hall.

As the hall adjourned for the evening interval everyone flocked around the students. The DvC member told that some of the children were those of the members of the *Sarkar* committee. Two of them were the children of the vice president, one daughter of the in charge of a sub committee and one son of a member. The parents are in the people's government and

the children are in the school run by the *Janathana Sarkar*!

The third day there was a marriage. Both the girl and the boy are working in different squads in this area. The in charge of the cultural committee of the *Sarkar* committee was the organizer of the marriage!

Finally

People in the urban areas might think

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careers, which are the norm of most students, they sacrificed their future to serve the poor. Com Murali was a popular trade union leader of Hyderabad espousing revolutionary politics, till the police repression drove him underground and thus he reached Gondia district to work amongst the tribal peasants in 1999.

The police had taken Arun and Murali from police station to police station framing them in one false case after the other. They spent over one month in police custody and were severely tortured. Now the other two comrades are being subjected to the same process. Earlier one other state committee member, com Madanlal, was arrested in Aug. 2005 and was kept for two months in police custody and implicated in 34 cases. Not only that, for the first time ever, Maoists were subjected to the Narco tests form of torture when coms. Arun and Murali were subjected to this test illegally.

But these arrests and torture have not gone without protests. The arrests have aroused the indignation of a varied section of democratic opinion in Mumbai and other cities. Acquaintances, civil liberty activists and other intellectuals have actively protested against these unlawful actions of the state police by conducting press conferences, signature campaigns and holding public meetings. Even doctors came out to protest the arrest of Binayak Sen and the use of the 'Narco-tests' as a method of torture. One bomb blast victim, now on bail, who attended one of the protest meetings, revealed that he was made to do the narco-test 29 times.

On Sept 23rd a bandh call was given in the states of Bihar, Jharkhand and Chhatisgarh against the arrests in Bihar and Jharkhand. The three states were totally paralysed.

The Indian ruling classes are following in the lead of the US gangsters who have been developing more and more

that the *adivasis* are backward and do not know how to think. But when we see the representatives of people's democracy who were all *adivasis* in the meeting discussing about the society, their lives, one feels the need to redefine 'backwardness'.

The *adivasis* who originally did not know anything but physical labor started thinking. They started blossoming. They

sophisticated forms of torture. They have been experimenting at Guantanamo Bay, the jails of Iraq and elsewhere.

The incidences recounted in Maharashtra are only the tip of the iceberg of the fascist repression being unleashed in this country; the so-called largest democracy in the world where state terror is taking on Hitlerian forms. The nationality movements have faced the most unimaginable forms of terror for decades now; the Muslims face it everyday and so do the dalits; and so do any of the struggling masses whether workers, peasants or artisans. The recent incidents are too many to recount here. Suffice it to say that today the state is not willing to tolerate even the smallest form of dissent — not even a book by and ex-RAW official exposing corruption in high places, nor of a media exposing the corrupt practices of a top judge.

In this country today if you silently kill yourself through suicide like the over one lakh peasants; or die a slow painful death due to hunger and disease like the millions in this country; the media and system pities you. But if you dare to resist, or even question the system, you are branded, demonized and eradicated as a dangerous element.

Today the present attack on the Maoists is an attack on all the struggling people as the rulers know full well that it is only the Maoists that stand consistently by the oppressed and defend their rights from the marauders, both local and foreign. It is they that have the capacity to effectively resist. It is they who are standing in the forefront against the rapacious loot of the imperialists and their local stooges in this so-called globalization period. It is they who unconditionally and whole-heartedly stand by the poor against any and every form of injustice.

So, in the eyes of the rulers and the present Prime Minister the Maoists are said to be the number one threat to the internal

worked hard to learn to read and write. They learnt politics. It might be surprising to know that most of the members in the *Sarkar* are illiterates. Perhaps that is the reason why they are able to develop their villages to such an extent. Since they are not educated for generations on, they do not know the art of deception.

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security of this country. Since the Maoists in the country have united into a single Party and People's Army the rulers have raised massive para-military forces against them; they have raised their intelligence network on a massive scale with deep covert operations; they have introduced very high levels of sophistications after intensive training from Mossad and the CIA; and they have equipped themselves with the experiences of past counter-insurgency operations to combat the Maoists in India. At the central level they have set up a multi-layered mechanism to counter the Naxalites: There is the Empowered Group of Ministers (EGOM) headed by the Union Home Minister; a Standing Committee of Chief Ministers of Naxalite-affected States, also headed by the Home Minister; a Coordination Centre headed by the Union Home secretary and comprising the Chief Secretaries and DGPs of the 13 affected States; a Task Force headed by the Special secretary (internal security) in the Union Home Ministry; and an Inter-Ministerial Group (IMG) headed by an Additional Secretary (Naxal management) in the Union Home Ministry.

Such a plethora of bodies are quite naturally working over-time to counter the Maoist movement in the country. They have evolved high levels of sophistication in their methods of Low Intensity Conflict and a ruthlessness that could match that of Hitler. To look at these *rakshasas* thinking they will grant democratic space and a tolerant attitude only numbs the alertness of the revolutionaries. To think that these scorpions will act with humanity is like a lamb dreaming of befriending a tiger. But whatever their sophistication the voice of the oppressed masses cannot be shut; this has been proved by history. Yet, there is need for the revolutionaries to take stock of the situation; study deeply LIC operations, and effectively evolve remedies in building the revolutionary movement in the country. DA

INDIAN EXPANSIONISTS STOP MEDDLING IN NEPAL !

NEPAL'S FUTURE MUST BE DECIDED ONLY BY NEPALESE !!

INDIA'S ruler's interference in Nepal has been there from its inception. They have never tolerated any real revolutionary movement and have acted as butchers in India ever since the inception of the Naxalite and nationality movements. They continue to do so till today and it matters little which of the ruling class parties are in power — the BJP, CPI/CPM, etc in the states and the Congress act in tandem when it comes to extermination of the Maoists.

So they cannot bear to see a Maoist success in Nepal and so acting in league with the US, they are exerting their maximum to see that either the Maoists capitulate or are isolated and crushed. The US has from the start of the Maoist movement been directly intervening in the affairs of Nepal; but any messy job that needs to be done they will do through the pliant Indian rulers. Besides, US's geo-political needs and the India ruler's expansionist role coincide in this sub-continent, as it does in Nepal. Any apparent differences may be in form not in the content; Indian rulers being desperate to get a faithful dog label from the US administration. The nuclear deal, stand on Iran, Naval exercises, etc are just a few examples.

Ever since the peace process has gone on, the Indian parties in league with the Nepalese reactionaries are utilizing the genuine sentiments of the Madheshi for an equal say in the new order, to foment trouble and create anti-Maoist armed gangs. They are whipping up gang warfare and now propagating that thousand have gathered at the Indian border seeking to flee Nepal. As most are of Indian origin and have ties with families across the

border in UP and Bihar, this trouble is easily escalated.

In the past one year alone over 21 armed groups have been fomented in the Terai region of Nepal. They have been going on the rampage and have killed many Maoists including a Central Committee member of the Young Communist League (YCL). Over 150 lives have been lost in these actions. Many are lumpen gangs instigated from across the border and seeking refuge in Bihar and UP.

According to a senior Maoist leader: "During the people's movement in April 2006, the People's Liberation Army shifted

because of their devious character and doubtful activities are being projected as the leaders of the Madheshi people. The Madheshi Jana Adhikar forum and two factions of the Terai Janatantric Morcha are patronised by the palace and Hindutva section of the Indian ruling class. Different gangs are organized comprising lumpen and criminals of Nepal and India and are being mobilized against our party. They attack our party and flee to India, where they get all care, funding, arming etc. The Indian government pretends as if it doesn't know anything. These gangs run their activities from Purnia, Saharsha, Farbisgunj, Darbhanga, Jaynagar, Sita-marhi, Nirmali, Supole, Raxaul, Maharaajgunj, Gorakhpur, Nanpara etc. The so called Baba of Gorakhnath Mandir, Adityanath, Mrs Lovely Singh and her controversial husband are openly propagating these criminal activities."

In Feb. this year a new insurgent outfit was formed in the Terai calling itself the Nepal Democratic Army. It vowed to take up arms and fight for the Hindus. In August yet another outfit called



its base to the hills surrounding Kathmandu valley and foothills adjoining Madhesh. Immediately after the parleys began with the newly formed government there was a mass mobilization campaign from east to west, where hundreds of thousands of Madheshi people participated. It alarmed the ruling classes of Nepal and India. Most of the fertile lands in the Terai are owned by landlords from the hills and landlords based in India. Expansion of Maoist activities in Madhesh has been a matter of anxiety to the Indian ruling class.

All the renegades ousted from the party

the Madhesh Virus Killers called for a bandh of the two Eastern districts. These insurgent gangs work in tandem with criminals and armed gangs of Bihar and Eastern UP. Gunrunners from Bihar are arming them.

Only recently the masses under the influence of the Maoists have begun to retaliate. The YCL has been attacking many of the leaders of these gangs and a leader of one of them was recently killed by unknown people. On Sept 20 the media reported that a procession of these was attacked in Kapilavastu district and

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CONDEMN STATE TERROR ON MAOISTS AND DEMOCRATS! COUNTER LIC & STATE TERROR EFFECTIVELY!!

LATELY senior Maoists leaders have been arrested from all over the country; while in Andhra Pradesh they are killed in fake encounters; in the rest of the country large number of fake cases are foisted on them so that they never get out of the jails. And even when they do get bail, as was the case with ailing and veteran comrade Varunda (Sunil Roy) and com Sheiladidi, they were re-arrested at the jail gates on false charges. All the arrested comrades were severely tortured. The latest to be arrested, as reported in *The Hindu* (Sept. 22 07) is Comrade Sunirmal (alias Misir Besra). *The Hindu* reported that, he is a member of the Politburo and the Central Military Commission of the CPI(Maoist). In early October a top Maoist commander, Com Ramadhan (alias Dhanraj) was shot dead by a constable while he was in police custody in the Koriya district of Chattisgarh. He had been arrested just a day earlier and was shot dead while asleep. In AP besides the arrest and murder of senior comrades Murali and Somanna, a large number of other comrades have been arrested, brutally tortured and killed. As reported in the press, Bihar has seen the largest number of arrests, which includes Central Committee Member Com. Mohit and two senior state committee members coms. Madanji and Kiranji and the very recent arrest of senior comrade Tushar Bhattarjee (TOI Sept. 20 07). Media reports have said cases have been foisted on him of activities in all parts of the country. This is only a small fraction of those arrested. Besides these arrests over 160 comrades have been martyred in just the six months since the Unity Congress-9th Congress of the CPI(Maoist).

It is within this background that we view in this report the recent spate of arrests in Maharashtra, where the Maoist movement is still at a very incipient state. As we have received details from here we are mainly focusing on the arrests in Maharashtra. As details come in from different areas we will print them in future issues of the magazine

Late on the night of 18th August 07, the anti-naxalite wing of the Maharashtra police

surrounded the house in the Govandi area of Mumbai where com. Vijay (Vishnu), reported to be state secretary and central committee member of the CPI(Maoist), stayed and picked him up as also all the other material and money in the house. They did not allow him to contact anyone and only when he was produced in the court on the 20th, 36 hours later, that people came to know that he had been arrested.

On the next day, 19th, they swooped on Com Vikram near his house at a chemist shop in Andheri East of Mumbai. They also did not allow him to contact either his family or lawyers. Only around midnight, when they brought him handcuffed to his residence did family members realize that he had been arrested. They did not allow his wife to phone civil liberties lawyers and in fact seized her phone and computer hard-disc and ransacked the house for six hours.

And on the very next day they shamelessly even picked up a practicing lawyer, Adv. K.D.Rao of a human rights organization, from the heart of Mumbai and the AP police foisted a case on him of supposedly having committed a murder seven years back. His real crime was that the lawyers organization and civil rights groups had been fighting for the rights of the political prisoners; this the government could not tolerate. So the simultaneous attack. Earlier in a similar way the government had arrested Dr. Binayak Sen a practicing doctor and secretary of the Chhatisgarh unit of the PUCL. Not only this, the Maharashtra police and their government issued open threats of arrest and similar treatment to all the democrats who rallied to their support.

While the lawyer was whisked away to AP, the other two comrades were severely tortured by the ATS (anti-terrorist squad) before they were produced before a magistrate. Vijay could barely stand in the court. Since then they have been falsely implicated in a host of charges and have been kept in continuous and extended police custody.

In typical Goebellian style the ATS announced the arrests in a sensational way giving the impression that they had foiled

a major terrorist plot. They made false claims to have seized large quantities of explosives, weapons, etc. The compliant judiciary too granted police custody for over 10 days each time. Not only that they ordered the destruction of the so-called explosives so that the fake story could then never be disproved.

But this is not the first time that the Maharashtra police has acted in this way. In May this year, they arrested two senior Maoist cadres — coms. Arun Ferreira and Ashok Reddy (alias Murali). Com Murali was a state committee member. They were picked up at the famous Deeksha Bhoomi grounds (where Ambedkar had taken deeksha and became a Buddhist) at Nagpur when they were meeting journalists from Gondia. The police publicized that the Maoists had come to bomb the grounds, as a part of the state's bid to try and turn dalit sentiment against the Maoists. The media ridiculed these charges. They also tried to make out that the Maoists were trying to make a major penetration into the cities.

Considering that Marxism (and its present development in the form of MLM) is the most advanced social science in the world, to present the Maoists in this way is an attempt to denigrate the theory as well. From the time of Naxalbari the urban masses, particularly the youth and students, have been active in the movement. The most brutal massacres of the youth took place in Kolkota in the early 1970s, presided over by the Congress government. Thousands of youth, students and workers were swept up by the movement. Even as the movement revived in the late 1970s thousands and thousands of youth and students were attracted to it in AP and workers movements grew under Maoist influence. Youth from many cities from all over the country were influenced by the Naxalite's call for equality and for a new just order.

Both Shridhar Shrinavasan (Vijay) and Vernon Gonzalez (Vikram) were urban educated cadres inspired by the revolutionary movement when they were students in Mumbai. Instead of building

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