



COMMUNIST PARTY OF INDIA (MARXIST)

Central Committee

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Resolution on Some Ideological Issues

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I

Introduction

- 1.1 The current global crisis of capitalism, more intense in many of its manifestations than the great depression of the 1930s, has once again resoundingly demonstrated capitalism's inherent oppressive and exploitative character. This crisis is imposing greater miseries on the vast majority of the world's population. This crisis is also increasingly demonstrating that imperialism, notwithstanding all ideological efforts to obfuscate its existence and role, is leading global capitalism in this offensive against humanity. Thus, imperialism's quest for global hegemony is the fountainhead that continues to deny humanity its complete emancipation, liberation and progress.
- 1.2 It is now two decades since the CPI(M)'s 14th Congress resolution in January 1992 had concluded that following the disintegration of the Soviet Union, the balance in the international correlation of class forces had shifted in favour of imperialism. These developments gave rise to profound political, economic and social changes on a world scale. These changes were accompanied by an intense ideological offensive mounted with the imperialist prognoses that Marxism and socialism are dead. Capitalism was proclaimed as 'eternal' and it was claimed that it constitutes the end of human social evolution.
- 1.3 During the course of these two decades, this imperialist offensive has, indeed, sharply intensified in all spheres, as apprehended. This offensive is accompanied by the dominance of imperialist globalization that today has virtually drawn into its vortex all the countries of the world.
- 1.4 It is, thus, incumbent upon us, as an inseparable part of our efforts for human emancipation and liberation, to make a Marxist-Leninist analysis of the present day world developments and how they impact both on the world situation, i.e., the balance in the international correlation of class forces, and how this impacts upon the advance of our struggles to accomplish our revolutionary strategic objective in our country.
- 1.5 The Communist Party of India (Marxist) was founded on the basis of an intense battle against the revisionist deviation that had gripped the then undivided CPI, gravely threatening to derail the Indian Communist movement and, hence, the liberation of our people. Making a decisive break from revisionism after an intense

inner-Party ideological struggle centered around the strategy and tactics of the Indian revolution and a correct evaluation of the composition and character of the Indian ruling classes, the CPI(M) emerged to uphold the revolutionary tenets of Marxism-Leninism, committed to apply these to the concrete Indian conditions.

- 1.6 Soon after, the CPI(M) had to contend with the Left adventurist sectarian deviation and ideologically combat these trends that, once again, threatened to derail the Indian Communist movement. This ideological battle was accompanied by confronting and overcoming the vicious physical attacks in which many of our comrades were martyred.
- 1.7 The success of the struggles against these deviations, combined with our inheritance of the legacy of the glorious militant struggles [1] of the Indian people, resulted in the emergence of the CPI(M) as the strongest and leading Communist and Left force in the country. This resoundingly vindicated the correctness of our Marxist-Leninist positions in these ideological battles.
- 1.8 The CPI(M)'s struggle against ideological deviations and its steadfast effort to uphold the revolutionary content of Marxism-Leninism and proletarian internationalism was based on a continuous joining of issues on all deviations – domestic and international – that manifested themselves, often ideologically confronting both the international Communist giants of the time – the CPSU and the CPC. It is these ideological struggles that have steeled our Party to emerge not only as the strongest Communist and Left force but also capable of exerting pressure and influence on the course of India's national politics.
- 1.9 Since the Burdwan Plenum (1968), such ideological joining of issues has been a necessity for furthering our Party's strategic objectives. The 14th Congress resolution *On Certain Ideological Issues* in the wake of the dismantling of socialism in the former USSR and East European countries was followed by the updating of our Party *Programme* in 2000 in the light of our analysis of the changes that occurred. This was followed further by enriching our analysis in subsequent Party Congresses concerning the new world situation post the disintegration of the Soviet Union and the rise of imperialist globalization.
- 1.10 While imperialist globalization is imposing unprecedented miseries on humanity, the popular resistance against this offensive is also on the rise. This is sharply expressed in today's world situation particularly in Latin America. Such rising struggles are also growing in other parts of the world as seen in the Occupy Wall Street movement and notably in Europe against the imperialist neo-liberal globalization onslaughts on the livelihood of the people, that have sharply intensified in the current global capitalist crisis and recession. These rising struggles against the erosion of the livelihood standards of the working class and other exploited sections of the people constitute the foundations for consolidating and advancing revolutionary struggles in the future.
- 1.11 The task of raising these struggles to the level of an offensive against the Rule of Capital, in the current balance of international correlation of class forces will have to be undertaken by surmounting many challenges. The success of intensifying such struggles to mount the class offensive against the Rule of Capital will decisively

depend upon the sharpening of the class struggles under the leadership of the working class. This, in turn, would be possible only when the 'subjective factor' of the revolutionary struggle, i.e., the strength of the class unity in struggle of all exploited sections of the people for liberation and emancipation, under the leadership of the working class, is strengthened and consolidated.

- 1.12 Under these circumstances, particularly when fast moving developments continue to take place, it is imperative that we strengthen our revolutionary resolve through a scientific Marxist-Leninist analysis of the ideological issues and challenges thrown up by these developments, with the singular aim of strengthening the class struggles for human liberation.

II

The Working of Imperialism in the Period of Globalisation

- 2.1 The CPI(M), steadfastly upholding Marxism-Leninism and its inviolable tool of 'concrete analysis of concrete conditions', evaluates the working of imperialism in the present concrete conditions and its impact on India. The latter is of utmost necessity to work out the correct and appropriate tactics that will advance our strategic objectives.
- 2.2 Globalisation must be understood in its totality. The internal dynamics of capitalism, as Marx has shown, leads to the accumulation and concentration of capital in a few hands. It is on the basis of a scientific analysis of the development of this tendency that Lenin identified the emergence and growth of imperialism from the stage of monopoly capitalism. The Leninist analysis of the politics of imperialism – the highest stage of capitalism – laid the foundations for correct revolutionary strategy and tactics for intensifying class struggles leading, for the first time in human history, to the triumph of the proletarian revolution – the great October Socialist Revolution of 1917.
- 2.3 This current phase of globalization, within the stage of imperialism, led to gigantic levels of concentration and centralization of capital and, hence, accumulation led by international finance capital during the last two decades. [2] This led to a reordering of the world where this capital seeks unhindered access across the globe in its quest for profit maximization. This, in itself, imposes conditions for the removal of all restrictions on the flow of this capital, the essence of financial liberalization. The accompanying neo-liberal offensive of economic reforms, seriously threatens and undermines the economic and, hence, the political sovereignty of the nation-states, particularly in the developing countries.
- 2.4 As we have noted in the past, the emergence of a new stage in history does not mean that the stage itself, during its existence, remains immutable not undergoing any changes. In every stage, like socialism in the transition towards Communism; like the functioning of the proletarian State under socialism, or, for that matter in the stage of imperialism, various phases emerge as a result of quantitative changes that lead to a qualitatively new phase. The period of a stage in history is, hence, neither a linear process nor a 'one way traffic'. This current phase of imperialism vindicates rather than repudiates the Leninist prognosis of the character and the hegemonic role of finance capital in the stage of imperialism.

- 2.5 This phase of globalization unfolding when the political correlation of class forces internationally has shifted in its favour, permits imperialism to pursue its quest for profit maximisation relatively unhindered except, of course, in those countries where the strength of popular peoples' struggles have mounted effective resistance. Such pursuit has resulted in colossal levels of capital accumulation leading to the further consolidation of international finance capital (IFC). This is one of the salient features of post-Cold War world capitalism. This scale of accumulation has also been substantially aided by the counter revolutions in the USSR and Eastern Europe and their re-entry into the fold of the global capitalist market. Further, the structural changes in global capitalism, aided by technological advances particularly in information and communications, resulted in relocating production and outsourcing of business operations to areas where natural resources are abundant and labour power cheap. Maximizing profits in this manner has vastly aided raising the levels of accumulation.
- 2.6 Unlike in Lenin's time, however, IFC operates not in the pursuit of specific strategic interests of specific nation-states alone but internationally. While developed capitalist nation-states will continue to seek to advance their specific interests, IFC operates in a world not riven by intense inter-imperialist rivalry. It operates in a world where such rivalry, at least temporarily, is sought to be muted. The very character of this international finance capital defines its efforts to operate unhindered over the entire world. On this score, it is often erroneously argued that the world has moved beyond Lenin's analysis of finance capital and imperialism. Therefore, his analysis of imperialism, it is argued, is today outdated, and hence, irrelevant.
- 2.7 Lenin, analyzing the emergence of finance capital, coalescence of banking capital with industrial capital, in his time, concretely analysed the impact of this phenomenon and concluded that capitalism had undergone a qualitative change which went beyond the traditional role played by finance capital, leading to the emergence of a new stage – imperialism. This was characterized by five features [3] amongst which the competition between different imperialist centres led to inter-imperialist wars in pursuit of a re-division of the world for their profit maximization. This was resoundingly vindicated by the two world wars in the first half of the 20th century. Lenin was, thus, employing his own inviolable principle of 'concrete analysis of concrete conditions' in his time in order to correctly assess the international correlation of class forces that would assist the advance of the Russian Revolution by 'breaking the weakest link in the imperialist chain'.
- 2.8 However Lenin, with penetrative clarity, anticipates that in the imperialist stage, with the rise of finance capital, 'The "business operations" of capitalist monopolies inevitably lead to the domination of a financial oligarchy'. He defines imperialism with the domination of finance capital as the highest stage of capitalism where the supremacy of finance capital over all other forms of capital is established. Furthering the analysis of the feature of 'export of capital', Lenin anticipates the future saying, 'Thus finance capital, literally, one might say, spreads its net over all countries of the world'. Further, 'The characteristic feature of imperialism is not industrial but finance capital.' [4]

- 2.9 Lenin, thus, anticipates not only the dominance and leadership of finance capital in the stage of imperialism, but he also shows that this process will lead to the enmeshing of all forms of capital under its leadership in the pursuit of profit maximization. Clearly, therefore, it is not Lenin's analysis of imperialism that has been superseded. What has been superseded is the concrete conditions of Lenin's time which he had presciently analysed, estimated, assessed and also anticipated the future course of its development. Lenin's prognosis of the leading and dominant role of international finance capital under imperialism is today being resoundingly vindicated. It is thus incumbent upon today's Marxist-Leninists to analyse, evaluate and estimate its role in the current phase of imperialism in order to advance the strategic revolutionary objectives in individual countries.
- 2.10 This preponderant domination of IFC, however, does not suggest the cessation of inter-imperialist contradictions. These not merely exist but are bound to intensify in the future, given the basic capitalist law of uneven development. This leads to conflicts of interests between capitalist centres given their relative future strengths often reflected, today, in the conflict of interests over control of world's resources or in seeking a reordering of the world – a new re-division for creating specific spheres of influence. This can also manifest in future currency wars between different imperialist powers. Such conflicts also put pressures on socialist and developing countries to revalue their domestic currencies to benefit imperialism.
- 2.11 Surplus value under capitalism can only be generated in its production process. The manner in which this is appropriated and deployed may generate additional cash flows. Under the dictates of international finance capital, the surplus appropriated through the production process is so further deployed in different ways. Additionally, the avenues for cash flows are vastly enlarged through the creation of new financial instruments to enhance market capitalization of the corporates through speculative trading. 'Bubbles' are thus created, which temporarily inflate the economy, but when these invariably burst, the economy plunges into a crisis.
- 2.12 International finance capital is, today, thus enmeshed with industrial and other forms of capital in its pursuit of profit maximisation. The IFC now leads the commonality of purpose to unleash fresh attacks to vastly increase the levels of capital accumulation and profit maximization even further.
- 2.13 Such reordering of the world for profit maximisation, under the dictates of IFC, defines neo-liberalism. It operates, firstly, through policies that remove restrictions on the movement of goods and capital across borders. Trade liberalisation displaces domestic producers engendering domestic deindustrialization, particularly in developing countries. This also happens in the developed countries due to relocation of production and business operations outside their countries. So also liberalisation of capital flows allows multinational corporations to acquire domestic productive assets abroad (like our public sector), vastly enlarging capital accumulation.
- 2.14 Other ways of consolidating capital accumulation are through the imposition of deflationary policies like restrictions on government expenditures in the name of fiscal discipline (making available larger quantum of liquidity to IFC to multiply speculative profits) which leads to the lowering of the level of aggregate demand in the world economy; a shift in the terms of trade against the peasantry in the

developing countries; a rolling back of the State sector in providing social services globally, more pronounced in the developing countries, which increasingly become privatised and the opening up of huge new areas of public utilities for profit maximisation. Intellectual property rights and other forms of monopoly control over knowledge generates massive profits through the control over the production and reproduction of knowledge. Thus, a new feature of contemporary imperialism is the coercive prising open of new and hitherto non-existent avenues for profit maximisation.

- 2.15 This new phase of imperialism pressurises large segments of the big bourgeoisie in developing countries to turn collaborators. In several of these countries, the struggle for decolonisation had been fought under the leadership of the domestic bourgeoisie which, after independence, had tried to pursue a path of relatively autonomous capitalist development. While allying itself, as in India, with domestic landlordism and compromising with foreign finance capital, it had sought to pursue a path of capitalist development with a degree of autonomy, pursuing non-alignment in foreign policy which enabled it to use the Soviet Union to bargain with imperialism. But the inherent internal contradictions of such regimes, combined with the collapse of the Soviet Union and the emergence of international finance capital seeking to prise open these economies for furthering profit maximisation, altered the perspective of the bourgeoisie in the developing countries. From a position of relative autonomy, the domestic ruling classes of developing countries, notwithstanding certain areas of conflict of interests, are increasingly moving towards advancing the capitalist path of development with greater collaboration with IFC and, thus, embracing neo-liberalism.
- 2.16 All through the history of capitalism, accumulation takes place in two ways: one is through the normal dynamics of capital expansion (appropriation) through the unfolding of its production process and the other is through coercion and outright loot (forcible expropriation), whose brutality Marx defines as the primitive accumulation of capital. Primitive accumulation is often erroneously interpreted as a historical category – primitive vs. modern. For Marx and therefore Marxists, primitive accumulation is an analytical category that historically continues to co-exist with the normal dynamics of capitalism. The process of primitive accumulation has taken various forms in the past, including direct colonisation. The aggressiveness of primitive accumulation, at any point of time, is directly dependent on the balance of international correlation of class forces which either permit or inhibit the manifestation of such capitalist brutality. In the current phase of contemporary imperialism, the intensification of such brutal primitive accumulation is assaulting a vast majority of the people of the world's population, both in the developing as well as the developed countries.
- 2.17 All over the capitalist world, especially in the developing countries like India, such assault leading to disinvestment and privatisation of the State sector is nothing else but private accumulation through the expropriation of State assets. Public utilities like water and energy, public services like education and health, have increasingly become domains of private accumulation of capital. Control over mineral resources is increasingly becoming private. Agriculture is increasingly being opened up to multinational seed and marketing companies leading to the virtual destruction of self-reliant agriculture in the developing countries, throwing the peasantry into acute

distress. The removal of trade tariffs and imposition of Free Trade Agreements is leading to deindustrialisation in many developing countries. In direct contrast to the freedom of movement for capital, the strict domestic immigration laws in developed countries leads to intensified exploitation and oppression while maximizing profits. Common public resources like forests, mines, water, etc., are increasingly being taken over as private property.

- 2.18 Under capitalism, the State, whatever be its form, is always the dictatorship of the bourgeoisie. Under contemporary imperialism, the role of the State changes in accordance with its current needs to advance the interests of IFC and it often acts at its dictates. The State's abdication of social responsibilities and obligations towards the people, therefore, does not mean its withdrawal from economic activities. Its role changes to brazenly advance the interests of IFC. In the process, not only does it relinquish its social responsibilities but also undermines democratic institutions, subverts people's sovereignty over the law making processes and increasingly adopts an authoritarian character.
- 2.19 Such an assault of the process of primitive accumulation has opened up hitherto unknown avenues for large-scale corruption. Many a regime has fallen, both in developed and developing countries, due to corruption scandals. [5] The large-scale loot in India through mega scams is mainly due to such new avenues created by neo-liberal reforms under imperialist globalization.
- 2.20 While both the processes of capital accumulation simultaneously operate, this 'accumulation through forcible expropriation' as distinct from capitalism's 'accumulation through appropriation' has become an important feature of contemporary imperialism.

III

Unsustainability of Neo-Liberal Globalization and the Capitalist Crisis

- 3.1 Such unfolding of imperialist globalization is, as we had analysed in our Party resolutions, unsustainable. Further, the 14th Congress resolution understanding that was reiterated in our Party *Programme* establishes the validity of Marx's analysis of capitalism as a system that can never be either exploitation-free, or crisis-free. No amount of reform of capitalism can eliminate either or both of these fundamental characteristics as these are inextricably located in the very production process of capitalism generating its basic contradiction – between its social nature of production and individual nature of appropriation. This, in itself, negates all illusions spread by social democracy of reforming capitalism to have a 'human face'.
- 3.2 The character and composition of labour – manual or mental (intellectual) – makes little difference to this process of exploitation. This exposes the fallacy of the argument that since the character of the working class (manual labour) has significantly altered in modern times from that of Marx's time, and also, as the proportion of manual labour has significantly declined since Marx's time, Marx's analysis is no longer valid. As long as labour power produces in the capitalist

production process, it is exploited and that is the source of surplus value and hence profit – the *raison d'être* of capitalism.

- 3.3 However, as the proportion of mental (intellectual) labour grows, it generates illusions amongst sections of them that they are no longer exploited but are now 'partners' of capitalism. While disrupting the class unity of the exploited, some of these sections tend to fall prey to such illusions, thus buttressing neo-liberalism. This tendency needs to be ideologically challenged and combated.
- 3.4 The current neo-liberal offensive, however, has generated tendencies that make it unsustainable. Two important features of globalisation need to be reiterated to establish this. First, this process has been accompanied by growing economic inequalities both within countries between the rich and poor, and between the advanced and the developing countries. [6] Secondly, globalisation has given rise to the phenomenon of 'jobless growth'. This is so because the trajectory of profit maximisation invariably replaces human labour by investing more in developing technology rather than developing human resource capabilities. The growth of employment, during this period, has always been lower than the GDP growth rate globally. [7] Both these features put together mean that the purchasing power in the hands of the vast majority of the world's population has been declining.
- 3.5 Capitalism inevitably plunges into a crisis when what is produced is not sold because surplus value cannot be transformed into profit. Such a crisis will continue to recur in different forms under this globalization phase of imperialism [8] making it unsustainable. As is the character of capitalism when confronted with a crisis situation, it seeks to overcome this through various ways. In the process, capitalism may temporarily ride over a current crisis but it, inevitably, lays the foundation for a deeper crisis in the future.
- 3.6 Under these circumstances, capitalism chose one way to sustain and expand its levels of profits – increasing people's purchasing power by enticing them to procure loans whose spending will maintain the levels of profit generation. However, when the time comes to repay these loans, there is the inevitable default, given the declining economic status of the vast majority of the borrowers. This is precisely what happened in the USA, engulfing the world capitalist system in the recent sub-prime loan crisis leading to large-scale financial defaults. [9]
- 3.7 Further, capital, in search of higher profits, continuously creates new commodities through which it expands its market operations. As Marx had said, 'production not only creates objects for the subjects, but also creates subjects for the objects'. [10] Under the rule of international finance capital, capitalism creates new financial commodities to vastly enlarge speculative avenues for profit maximisation. One of these that has played havoc and generated the current crisis is the trade in 'derivatives'. [11]
- 3.8 It is this pathological drive to maximise profits at any cost, the inherent character of the capitalist system – and not the individual greed of some or weakness of regulatory mechanisms – that is the root cause of the present crisis.

- 3.9 If profits were reemployed into enlarging productive capacities, then through the consequent employment generation, the purchasing power of the people would grow leading to larger aggregate demand, which, in turn, would give a further impetus to industrialization and growth of the real economy, i.e., accumulation through expansion and, thus, appropriation. The gigantic accumulation of international finance capital, however, in its search for super profits continuously seeks new speculative avenues for profit maximization beyond this process.
- 3.10 To summarise: under globalization, with sharp decline in the purchasing power in the hands of the majority of the world's population, finance capital, in its eagerness for quick profits, chooses the speculative route of artificially enlarging purchasing power by advancing cheap (subprime) loans and creating speculative 'bubbles'. Profits are made while these loans are spent but when repayment is due comes default, ruining the loan taker and also crippling the system. This is precisely what happened on a gigantic scale resulting in the current global capitalist crisis.
- 3.11 In the absence of a powerful political alternative, capitalism will emerge from this crisis but at the expense of further intensifying exploitation and through the process of intensifying primitive accumulation. This manifests in the current imperialist aggressiveness in all spheres.
- 3.12 It is precisely such a process of recurring crises that is unfolding. As is the nature of the capitalist State, it sought to overcome this crisis by giving bailout packages of staggering amounts to those very financial giants who, in the first place, caused this crisis. This inevitably permitted these financial giants to stage a resurrection and massive profit generation [12] while imposing crippling burdens on the governments of capitalist countries who had to resort to large-scale borrowings to finance such bailout packages. True to its character, capitalism has safeguarded, in fact expanded, its avenues of profit generation while creating huge sovereign debt. Corporate insolvencies, thus, have been converted into sovereign insolvencies, affecting many countries of the European Union as well as the USA itself.
- 3.13 The burden of these sovereign insolvencies, again true to the nature of capitalism, is being passed on as unprecedented burdens on to the working class and working people. [13] In the name of reducing expenditures to meet the repayment of this debt, 'austerity packages' that drastically cut the existing benefits and rights of the working class and the working people are being imposed. Thus, once again, capitalism is seeking to emerge from this crisis by intensifying the exploitation of the people.
- 3.14 This very effort by global capitalism, in itself, is laying the seeds for a much deeper crisis that has already set in. With such austerity measures which sharply increase unemployment and drastically reduce the purchasing power of the people, recessionary conditions are getting intensified. [14]
- 3.15 However, as noted earlier, irrespective of the severity of the crisis, capitalism never collapses automatically. Recollect Marx's analysis that capitalism emerges from every crisis stronger by destroying a part of the productive forces to restore the balance between the development of productive forces and the existing production relations under capitalism. This is a process that further intensifies exploitation.

- 3.16 Capitalism, therefore, requires to be overthrown which decisively depends on the strengthening of that material force in society led by the working class which can mount, through popular struggles, the intensification of the class struggle to launch the political offensive against the Rule of Capital. The building of this material force and its strength is the 'subjective factor', the strengthening of which is an essential imperative. The objective factor – the concrete situation of the crisis – however conducive it may be for a revolutionary advance, cannot be transformed into a revolutionary assault against the Rule of Capital without the strengthening of this 'subjective factor'.
- 3.17 Various intermediary slogans, measures and tactics will have to be employed by the working class to sharpen class struggles and to meet the challenges of these real conditions in order to strengthen the 'subjective factor' and, thus, advance the process of revolutionary transformation in their respective countries.

IV

The Politics and Ideology of Imperialist Globalisation

- 4.1 Following the shift in favour of imperialism in the international correlation of class forces, USA has embarked to consolidate its global hegemony by achieving its three declared objectives.
- 4.2 The first seeks the dissolution of the remaining socialist countries; the second, to render impotent either through defeat or co-option, third world nationalism, which materialized the Non-Aligned Movement following the decolonisation process; and, finally, the establishment of an unequivocal and unambiguous military and economic superiority over the world in general and particularly over perceived competitors.
- 4.3 This new world order is designed to operate in all spheres. [15] This, on the one hand, led to unleashing unilateral wars and the military occupation of Iraq. On the other hand, it led to the strengthening of the US military machine. [16] At the same time, the NATO, whose need for existence should have simply disappeared with the end of the Cold War, was further strengthened as imperialism's global war machine. [17]
- 4.4 In order to establish and continue its unquestioned superiority, US imperialism also required to increasingly control the world's economic resources, especially energy sources, and particularly oil. [18] Hence its preoccupation in West Asia. Afghanistan occupies the central position in the US strategy for the economic control of the oil and gas resources in West and Central Asia. [19] The military propping up of Israel and the perpetuation of the West Asia crisis is a direct consequence of this need to control the politics and regimes, elevating 'regime change' as imperialism's legitimate right in order to establish control over the resources of this region.
- 4.5 The 'Arab Spring' saw people rise in revolt against US imperialism supported, or propped up, authoritarian regimes in Tunisia, Egypt, Yemen and other countries. This reflected the popular urge for democracy, civil liberties and better livelihood.

Imperialism is brazenly intervening militarily like in Libya or backing Saudi Arabian intervention in Bahrain, to influence and control the new emerging regimes, having lost some of its most trusted allies in the region. While these developments will unfold further, inter-imperialist contradictions are sharpening in this sphere. West Asian powers like Iran, Turkey, Syria are also seeking a repositioning of their regional influences.

- 4.6 It must be borne in mind that wherever imperialism succeeded in affecting a regime change, it only created space for ultra rightwing, often religious extremist forces by systematically attacking the Left and progressive forces. The weakening of the latter is, again, a declared objective of imperialism, as they represent the genuine and consistent anti-imperialist force. Imperialism and religious fundamentalist forces work to weaken the Left forces. US military occupation of Iraq has sharpened the religious divide and destroyed the secular fabric of that society. Earlier, in Iran, in its urge to retain control of oil, the installation of Shah regime by the USA led to the systematic and brutal victimisation of the Communists and progressive nationalists leaving space open only for Islamic clerics to emerge as the principal opposition. In Afghanistan, its drive to topple the regime of the progressive forces supported by the then Soviet Union resulted in the creation of the Mujahiddin-Taliban-Osama bin Laden nexus – US imperialism’s Frankenstein. Such dangers appear imminent in the current ‘Arab Spring’ developments as well in many of these countries.
- 4.7 Imperialism’s imposition of a unipolar world order is buttressed by a powerful ideological offensive. Imperialism equates democracy with free market. Under this garb and in the name of upholding its conception of democracy, it intervenes politically and militarily against regimes which oppose its hegemony, challenge neo-liberal economic reforms and the imposition of ‘free markets’.
- 4.8 Imperialism, in the name of upholding so-called ‘human rights’ and ‘universal values’, militarily intervenes against independent sovereign nations. While masking its brazen human right violations through military interventions, it has intervened to balkanize former Yugoslavia on this pretext. The rising bourgeoisie of the advanced capitalist countries, in order to consolidate their class rule, had earlier championed national sovereignty as being sacrosanct. Today, imperialism is militarily intervening to subvert and negate national sovereignty of independent countries in the name of protecting ‘human rights’.
- 4.9 Following the 9/11 attacks on the World Trade Center in New York, the ‘Global War Against Terror’ launched under the leadership of US imperialism is being used as the justification for brazen military intervention, as seen in Iraq and Afghanistan and the threats against Iran today, for trampling national sovereignty and to impose a ‘regime change’ to suit its interests. State terrorism practiced by imperialism and individual terrorism unleashed by fundamentalist outfits feed on each other. The struggle against terror cannot succeed unless both these dangers are effectively fought. Like the ‘war against Communism’ was used as the pretext during the Cold War to justify imperialist military intervention, the ‘war against terror’ is being used today to violate the national sovereignty of independent countries and the basic human rights of its people.

- 4.10 Imperialism has unleashed vitriolic anti-Communist propaganda and has currently equated Communism with totalitarianism and fascism. The European Parliament is seeking to enact laws and taking measures equating Communism with fascism. In many East European countries, Communist symbols and activities are legally banned, like in the Czech Republic, Poland, etc.
- 4.11 Socialism continues to be denounced as authoritarian and the antithesis of the imperialist definition of human rights and universal human values. The ideological offensive against the socialist countries is focused on the so-called human rights violations and denial of individual liberties. US imperialism continues its criminal economic blockade against Cuba under this pretext.
- 4.12 The ideological war to establish the intellectual and cultural hegemony of imperialism and neo-liberalism has been on the offensive during this period. Aided by this very process of globalisation and the vastly elevated levels of technologies, there is convergence of information, communications and entertainment (ICE) technologies into mega corporations. [20] This monopolisation of the sphere of human intellectual activity and the control over dissemination of information through the corporate media is a salient feature of this period that seeks to continuously mount an ideological offensive against any critique or alternative to capitalism. The cultural hegemony that such a globalisation process seeks is expressed in the need to create a homogenisation of public taste. The more homogenous the taste the easier it is to develop technologies for the mechanical reproduction of ‘cultural products’ for large masses. Commercialisation of culture is a natural corollary of such globalisation. Viewed in terms of class hegemony, the culture of globalisation seeks to divorce people from their actual realities of day to day life. Culture here acts not as an appeal to the aesthetic, but as a distraction, diversion from pressing problems of poverty and misery.
- 4.13 The development of ICE technologies and the control over them, also allows imperialism to develop and maintain sophisticated surveillance technologies. Such technologies are being increasingly used to monitor, influence and sabotage a large variety of popular movements that challenge the hegemony of imperialism.
- 4.14 This ideological offensive unleashed by imperialism as a part of its overall efforts to strengthen its hegemony needs to be resolutely combated in order to achieve humanity’s revolutionary advance.

V

The Period of Transition and World Capitalism Today

- 5.1 The 14th Congress resolution *On Certain Ideological Issues* had concluded that the collapse of the Soviet Union and the socialist countries of Eastern Europe negates neither Marxism-Leninism nor the ideal of socialism. Further, these reverses cannot erase the fact that socialism made a decisive contribution in uplifting the levels of quality of human life and civilization to hitherto unknown higher levels. [21]
- 5.2 Despite the unprecedented and path-breaking advances made by socialism in the 20th century it must be borne in mind that all socialist revolutions barring a few

(not all) in East Europe took place in relatively backward capitalistically developed countries. The socialist countries removed one-third of the world market from capitalism. This, however, did not substantially affect either the levels of advances already made by world capitalism in developing the productive forces, or in capitalism's capacity to further develop the productive forces on the basis of scientific and technological advances. This permitted world capitalism to overcome the setbacks caused by socialist revolutions in the 20th century to develop the productive forces and further expand the capitalist market. Given the then existing correlation of class forces internationally, imperialism achieved the expansion of the capitalist market through neo-colonialism.

- 5.3 On the other hand, the faster pace and qualitatively higher advances made by socialism, in a relatively short span, particularly in a hostile international environment created by imperialism, led to a belief that such advances were irreversible. The Leninist warning that the vanquished bourgeoisie will hit back with a force a hundred times stronger was underestimated.
- 5.4 Such an underestimation of the capacities of world capitalism and overestimation of socialism's capacities was reflected in the assessment of the world Communist movement. We had in the 14th Congress reassessed these estimations contained in a statement issued by 81 participating Communist Parties in 1960 which concluded that the immediate inevitability of the collapse of capitalism due to its 'third phase of the general crisis' was a grave error in evaluating the then current world realities, that retarded the advance of world socialism.
- 5.5 Further, socialism was perceived as a linear progression. Once socialism was achieved, it was erroneously thought that the future course was a straight line without any obstacles till the attainment of a classless, Communist society. Experience has also confirmed that socialism is the period of transition or, as Marx said, the first stage of Communism – the period between a class-divided exploitative capitalist order and the classless Communist order. This period of transition, therefore, by definition, implies, not the extinction of class conflicts but their intensification, with world capitalism trying to regain its lost territory. This period, therefore, was bound to be a protracted and complex one with many a twist and turn. This was particularly so in these countries which were capitalistically backward at the time of the socialist revolution. [22]
- 5.6 The success or failure of the forces of world socialism in this struggle, in this period of transition, at any point of time, is determined both by the successes achieved in socialist construction, [23] the international and internal correlation of class forces and their correct assessment. Incorrect estimations leading to an underestimation of the class enemy both without and within the socialist countries and the overestimation of socialism had created a situation where the problems confronting the socialist countries were ignored and so were the advances and consolidation of world capitalism.
- 5.7 In the 21st century, therefore, while drawing invaluable lessons from the experience of socialism in the USSR and East European countries, it is clear that the process of transition from capitalism to socialism in the 21st century cannot be a repetition of these experiences.

- 5.8 One of the important inerasable impacts of the people's struggles worldwide, inspired by socialism in the 20th century, has been the strengthening of democratic rights and civil liberties (for instance, amongst many others, granting women the right to vote) accompanied by hitherto unknown benefits to the working class and the working people in terms of social security and welfare that capitalism was forced to concede. Hence, these rights, today considered 'universal' are an outcome of people's struggles, and not the 'charity of the bourgeoisie'.
- 5.9 This era of transition and transformation towards socialism in the 21st century, thus, though inevitable in the final historical vision, is bound to be a protracted struggle. It is the task of the Communists, the working class, and all progressive sections to work for the hastening of this process through the intensification of class struggles, in respective countries, while imperialism will continuously seek to push such an eventuality even further back.
- 5.10 The struggle for socialism in the 21st century must, therefore, be the struggle for the establishment of a system that is free from exploitation of human by human and of nation by nation. Such a system must be based on further strengthening of the democratic rights and civil liberties of the people. Such a system must establish its superiority over capitalism in achieving higher levels of productivity and productive forces based on the principle of transition from, 'from each according to his ability, to each according to his work' eventually leading towards a Communist society where the principle of 'to each according to his need' would prevail. Such superiority must be established, through the increasing participation of the popular masses, in all spheres of social existence – political, social, cultural, etc.
- 5.11 The 14th Congress resolution has given our understanding on democracy under socialism; the forms of property under socialism; and the relationship between plan and the market, many of which have been incorporated in our updated Party *Programme*. These continue to guide our understanding.
- 5.12 The social ownership of the means of production under socialism cannot be mechanically equated with the State-owned sector alone, though it constitutes its bedrock. The socialist State, through the existence of various forms of property, must ensure that the economic lifeline is under the control of the State. In other words, socialism in the 21st century must establish that 'politics will determine its economics' unlike under capitalism where 'economics (profit maximization) determines its politics'.

World Social Contradictions

- 5.13 This period of transition in the current phase of imperialism is also a period where all the fundamental world social contradictions will sharpen in different degrees and in different spheres. The fundamental contradiction between labour and capital under capitalism is acutely intensifying in the present situation of crisis and recession. The efforts by imperialism to consolidate its hegemony, while, on the one hand, seeking to draw the ruling classes of the developing countries under its tutelage, on the other, is leading to the intensification of the contradiction between

imperialism and the peoples of the developing countries. Inter-imperialist contradictions also manifest themselves in different forms in different spheres, while they are currently muted in intensifying global exploitation for profit maximisation. The central contradiction of this period of transition remains between imperialism and socialism. Any of these can come to the forefront given world developments at any particular conjecture, without replacing the central contradiction.

5.14 Amongst the multitude of contradictions that exist at any point of time, the international Communist movement recognizes the above four as the major world social contradictions that influence and determine the pace and character of this period of transition. In recent years, however, the fundamental contradiction of capitalism between the social character of production and the private character of appropriation manifests itself in a very serious degradation of the global environment in its efforts for profit maximization. This has become more accentuated in the period of imperialist globalization. This contradiction is threatening to assume proportions of creating serious imbalances through global climate changes posing grave dangers for human existence itself. This has also set in motion a new element in the intensification of the contradiction between imperialism and the developing countries, with the efforts to pass on the burdens of checking global warming and reducing green house emissions on to the developing countries. This is reflected in the ongoing global negotiations on climate change where the industrialized countries are renegeing from their earlier commitment of accepting 'common but differentiated responsibility', reflecting their earlier and continuing pillage of the environment for profit maximization and, hence, their greater responsibility in correcting this imbalance. They are seeking to negate the fundamental equality of 'carbon space' for all human beings in addressing the problems of environmental degradation. These efforts to pass on the burdens of protecting global environment on to the developing countries are part of the global class exploitation that imperialism intensifies in today's conditions. The struggle of the peoples of the developing countries against these efforts of imperialism constitutes today an important element of the international class struggle against global capitalism.

5.15 Under these circumstances, the people of every country in the world will have to meet the challenges of existing realities to shape their future destiny – how popular people's struggles will be strengthened to contend with these challenges. How successful they will be in advancing the struggles of the people for social transformation will determine the pace of this transition.

VI

Developments in Socialist Countries

6.1 In present-day realities, when the international correlation of class forces has moved in favour of imperialism, the existing socialist countries have embarked on a course of economic reforms to meet the challenges posed by international finance capital-led and driven globalization. With liberalization sucking all countries of the world into its vortex, these reforms are based on the integration of their economies with the international market. The manner in which these countries are meeting those challenges, in this period of transition, is an issue that requires serious examination.

- 6.2 Is this process of reforms resulting in the negation of socialism as measured by the people's ownership of the means of production and the social appropriation of surplus as against the individual appropriation of it? In all these countries, negative tendencies have surfaced during the reform process like rapid widening of economic inequalities, corruption, nepotism etc. These have not only been noted by the ruling Communist parties themselves but visible efforts are there to tackle, contain and correct them. The main question that arises is: is this process of reforms leading to the emergence of an exploitative capitalist class that develops the potential to lead and succeed in a counter revolution in the future? Or, whether this process of correlation of these forces under current reforms, in today's world realities, will lead to the consolidation and further strengthening of socialism?
- 6.3 It needs to be noted that every socialist revolution, based on a concrete analysis of concrete conditions, works out its own approach towards socializing and rapidly developing, under proletarian Statehood, the productive forces in order to establish socialism as a system superior to capitalism. How this can be done is specific to the concrete realities faced by the specific revolutions and class correlations, both domestically and internationally.

China

- 6.4 To a certain extent, what we find in the post-reform socialist China is a reflection of the theoretical positions taken by Lenin regarding state capitalism during the NEP period. The main question involved is that of increasing the productive forces in a backward economy to a level that can sustain large-scale socialist construction. Lenin, during his time, on the basis of the concrete international and domestic situation, consistently endeavoured to rapidly bridge the gap between backward productive forces and advanced socialist production relations. [24] The course of this Soviet history of socialist construction, however, took place under different historical circumstances. [25]
- 6.5 In China today, what is being sought is to attain the conformity between the levels of productive forces and the relations of production under socialism. The advanced socialist production relations cannot be sustainable at lower levels of productive forces. A prolonged period of low levels of productive forces would give rise to a major contradiction between the daily expanding material and cultural needs of the people under socialism and backward productive forces. The Communist Party of China (CPC) has concluded that if this contradiction remains unresolved, then socialism itself in China would be under threat.
- 6.6 The General Programme of the CPC characterized its task thus: 'China is at the primary stage of socialism, and will remain so for a long period of time. This is an historical stage which cannot be skipped in socialist modernisation in China, which is backward economically and culturally. It will last for over a hundred years. In socialist construction we must proceed from our specific conditions and take the path to socialism with Chinese characteristics.'
- 6.7 The Chinese Communist Party advanced a theoretical conceptualisation of the **primary stage of socialism**. This in fact, as noted earlier, conforms to what Marx and Engels themselves had stated and what is accepted by all subsequent Marxists: that

socialism is the transitory stage between capitalism and communism and hence constitutes the first stage of a communist society. The CPC however has gone a step further to formulate that within this transitory stage, there will be different phases depending on the levels of productive forces at the time of the revolution. This was systematically elucidated in the 13th Congress of the CPC. China, being a backward, semi-feudal, semi-colonial country at the time of the revolution, it was at a phase where the socialist transformation of its economy will have to be conducted from very low levels. It is this process which they call ‘the building of socialism with Chinese characteristics’.

6.8 In order to achieve such a transformation, the CPC put forward another theoretical formulation, that of building a **socialist market economy**. By now, it is clear that as long as commodity production exists, there would be a need for a market to exchange these commodities.

6.9 What is sought to be created in China is a commodity market economy under the control of the socialist state where public ownership of the means of production will remain the mainstay; by which the CPC means ‘firstly that public capital predominates in total social capital; secondly, the state economy controls the economic lifeline and plays a dominant role in the national economy’. Through this, they seek to prevent the economic polarisation and growing inequalities created by private market economy and ensure the common prosperity of the working people.

6.10 These reforms have certainly produced positive results. The Chinese economy grew at a phenomenal over 9 per cent a year for the last three decades, and poverty, measured in money terms, fell more than 80 per cent between 1981 and 2005. Initiating reforms, China had planned to ‘double the GNP of 1980 and ensure peoples’ basic living needs. The second step was to redouble the output of 1980 and achieve initial prosperity by the end of the 20th century’. The goals of these two steps have been met. All these have been possible not because China ‘broke from the Maoist past’ but because it developed on the solid foundations laid by the People’s Republic of China during the first three decades of centralised planning. Now the third step aims to ‘make the per capita GNP reach the level of that of the medium-developed countries by the 100th anniversary of the PRC’, i.e., 2049.

6.11 After 33 years of reform, China’s total economic output reached \$5.88 trillion in 2010, which is 16 times that of 1978. Similarly, the share of China’s per capita income comparable to the world average grew from 24.9 per cent in 2005 to 46.8 per cent in 2010. The country’s total import and export volume grew from \$20.6 billion worth in 1978 to \$2.974 trillion worth in 2010. Utilised foreign direct investment from 1979 to 2010 totalled \$1.048 trillion.

6.12 The reform process in China itself underwent various changes during the course of these decades. Though they began in 1978, the fall of the Soviet Union and the end of a socialist countervailing force in the world created the new global situation that we have assessed earlier. Simultaneously there were internal turmoils like the Tiananmen Square developments. These developments led to many a ‘course correction’ in the reform process. [26]

6.13 It is in the 1990s that there was a rapid expansion of the private sector in various

spheres and the weakening of public provisioning in health, education and social services in the rural areas. Private sector, by 2005, accounted for 50 per cent of the value added in the industrial sector and employed about double the workers than those employed in the State and collective enterprises. However, latest studies (prepared for US Congressional Committee Reports) have shown that the assets of State Owned Enterprises (SOEs) have grown from the equivalent of 60 per cent of GDP in mid-2003 to 62 per cent of GDP in mid-2010. The sectors which SOEs must or plainly do dominate accounted for 80 per cent of the capitalization of domestic stock exchanges at the end of 2010. Similarly, tax revenue from private domestic firms is less than 15 per cent of the total. Of 42 mainland Chinese companies in the *Fortune* 500 list of the world's biggest firms in 2010, all but three were owned by the government. China's own list of the 500 biggest Chinese companies spans 75 industries. In 29 of these not a single private firm makes the grade and in ten others they play only a minor part. The government-owned enterprises in these 39 state-dominated sectors control 85 per cent of the total assets of all these 500 companies. The average size of SOEs is much bigger than that of non-SOEs, though only accounting for 3.1 per cent of the total enterprise number. In terms of average assets, SOEs are equal to 13.4 times of non-SOEs. The average asset size of industrial SOEs increased from 134 million RMB in 1999 to 923 million in 2008, expanding by 589 per cent in 9 years. Meanwhile, the average assets of non-SOEs only moderately increased from 36 million to 60 million, up by a dwarfed 67 per cent.

- 6.14 Thus, while the private sector enterprises in industries and services are increasing, it should be also noted that big State-owned enterprises control the strategic sectors. The top 50 State-owned enterprises have been consolidated and they hold the commanding heights of the economy in mining, oil, steel, telecom, banking, energy, railways, ports etc.
- 6.15 The second phase of the reforms focused on the rural areas and the increased rural-urban divide. It is only after 2006 that the Chinese government has taken steps to abolish agricultural tax, increase the grain price subsidy and increase spending in rural health and education. This shows that State planning and intervention still operates to redress certain imbalances.
- 6.16 However, new problems and disturbing trends are cropping up as a result of these developments. They are mainly the growing inequalities, unemployment and corruption.
- 6.17 **Inequalities** : For the entire country, urban and rural, we notice that by 2002, the average group income of the highest 10 per cent was 22 times higher than that of the lowest 10 per cent. The last 18 years saw an over 13-fold increase in the urban-rural income gap in absolute terms. China has more billionaires today than any other country other than the United States of America. In the ten years from 1997, a period which saw the remarkable economic boom, the share of workers' wages in national income fell from 53 per cent to 40 per cent of the GDP.
- 6.18 In an effort to redress some of these imbalances, the Chinese government started the development-oriented poverty reduction programme in the rural areas in an organised and planned way. [27] In line with the increase of economic and social development level and based on the changes in price index, the state gradually raised

the national poverty line for rural residents from 865 yuan in 2000 to 1,274 yuan in 2010. Based on this change, the poverty-stricken rural population decreased from 94.22 million at the end of 2000 to 26.88 million at the end of 2010; and their proportion in the total rural population decreased from 10.2 per cent in 2000 to 2.8 per cent in 2010.

6.19 **Corruption:** Chinese disciplinary and supervisory authorities have investigated 119,000 corruption cases during the first 11 months in 2010, slightly more than 115,000 of the same period last year. Investigations of 108,000 cases of those have been concluded and 113,000 individuals involved have been punished for violating the rules of CPC discipline or administrative discipline, and of them, 4,332 have been shifted to the custody of judicial authorities for violating laws.

6.20 **Other Issues :** There are other imponderables. One of the changes that has been introduced in 2002 is the decision to admit capitalists into the Party. Today a number of entrepreneurs and businessmen have joined the Party. The ideological and political orientation of the Party can come under new pressures with the changing composition of the Party.

6.21 Another problem is the dropping of the concept of imperialism from the understanding of the Communist Party of China. In the absence of an anti-imperialist direction, there could be a dilution of proletarian internationalism.

6.22 To sum up: During these three decades of reforms China has made tremendous strides in the development of productive forces and economic growth. A consistent 10 per cent plus growth rate on the average over a period of three decades is unprecedented in the entire history of capitalism for any country. However, this very process has clearly brought to the fore adverse changes in production relations and therefore in social relations in China today.

6.23 How successfully these contradictions are dealt with and how they are resolved will determine the future course in China. The efforts to strengthen and consolidate socialism will receive solidarity from us and Communists the world over.

6.24 It is also important to assess the reforms adopted by Vietnam, Cuba and North Korea subsequently. These deal essentially with the manner in which they relate themselves with international finance capital and globalization, particularly when the growth of these socialist countries, earlier based on the decisive support and help from the USSR, is now compelled to be based on their integration with the international market determined by globalisation. The need is to meet the challenges posed by imperialist globalization to the very existence of socialism in these countries.

Vietnam

6.25 At the 6th National Congress of the Communist Party of Vietnam in December 1986, the party's leadership introduced changes in most aspects of life, particularly in economic policy, under the name of *Doi Moi* or Renovation.

6.26 The report of the 6th Congress of the Communist Party of Vietnam held in 1986

states, ‘In arranging the economic structure, first of all, the production and investment structure, we often started from the wish to advance quickly, did not take into account the practical conditions and abilities . . .’. It goes on to analyse the need for existence of different forms of property in the period of transition. [28] Subsequently, in its 7th Congress, CPV highlighted many emerging problems and the need to combat trends negative to socialism.

Cuba

6.27 Cuba too is in the midst of a review and reformulation of its economic policies. After the collapse of the Soviet Union and the socialist bloc, Cuba suddenly found itself bereft of the steady stream of supplies that were ensured by the erstwhile USSR. US imperialism continues to strangle Cuba by imposing the most inhuman economic sanctions in the history of the modern world. In this background, the party adopted a resolution on the *Guidelines on the Economic and Social Policy of the Party and the Revolution* (January 2011) to update the ‘Cuban economic model and aiming at guaranteeing the continuity and irreversibility of Socialism and economic development of the country and the improvement of the living standards of the people’.

6.28 Cuba is also trying to rework its policy on wages, pensions, close loss-making state enterprises, eliminate ‘undue free benefits, excessive subsidies’ and the ‘ration card’ gradually. It had planned to free land holdings and give them for cultivation through leases to small landowners, create a market for small producers and encourage production for exports. It was also decided to initiate steps to improve labour productivity, discipline and relocate excess labour force. It also plans to introduce taxation system wherein higher taxes are levied on those attaining higher incomes, provide tax incentives for increasing production and eliminate the dual currency system prevalent in the country [29].

North Korea

6.29 North Korea had adopted in 2011 a *10-Year State Strategy Plan for Economic Development* and decided to establish the State General Bureau for Economic Development for monitoring its progress. [30]

6.30 Through such reforms, DPRK seeks to advance its social productive forces, without which it cannot achieve higher levels of economic and social development, so urgently required, to establish the superiority of socialism. Apart from distortions such as personality cult, there are problems like food shortages that need to be tackled.

6.31 As we noted in relation to the reform process in China, the main issue that arises from these experiences of reforms in socialist countries is how they handle and tackle the new problems and contradictions that are arising, and this will determine the future course of socialist consolidation.

6.32 As noted in our 14th Congress Resolution, “socialism can only be sustained and developed on the basis of the growing collective consciousness of the people which,

in turn, is based on the material conditions created by socialist construction. Such a collective consciousness cannot be reared without the ideological steadfastness of the ruling Communist Party.”

VII Some Developing Countries

Latin America

- 7.1 The emergence of popular governments riding the wave of massive popular upsurge against imperialism and its neo-liberal offensive in Latin America has been popularly described as a ‘pink tide – turn to the Left’.
- 7.2 Many countries in Latin America are ruled by either Left oriented or progressive governments after winning democratic elections. Left oriented coalitions, including Communist parties, that have emerged in these countries are providing an alternative to imperialist globalization and neo-liberalism within capitalism. While these governments do not constitute a socialist alternative, they represent positive developments in the struggle to develop the ‘subjective factor’ that can mount a decisive challenge against imperialism and neo-liberal capitalism. This experience is in direct contrast with the armed struggles that are continuing in countries like Peru and Colombia, demonstrating once again the futility of Left-adventurism. USA has set-up seven military bases in Colombia, mainly targeting Venezuela, by using a right-wing reactionary regime, under the pretext of ‘protecting democracy’ from ‘Left-wing’ militancy.
- 7.3 For the past few years, these progressive governments, powerfully influenced by socialist Cuba, have drastically reduced their economic dependence on the US and have increased trade amongst the countries of the South. This, to some extent, limited the effects of the economic crisis on the continent and helped them recover fast. Venezuela, Ecuador and Bolivia stand on a firmer anti-imperialist footing and are nationalizing various public assets that were placed under private control by the earlier regimes. Many banks were nationalized by Venezuela, and Ecuador has recently nationalized its energy resources like Bolivia had done earlier. With their increased emphasis on social spending and the State playing a major role in the alleviation of socio-economic inequalities, these countries are leading the way for the other anti-imperialist governments in the continent.
- 7.4 Various forums have been forged to encourage regional trade between the countries of the continent like the MERCOSUR, ALBA, Sao Paulo Forum, etc. The latest is the new regional economic grouping – the community of Latin American and Caribbean states (CELAC). All these forums are being used not only to forge close bonds between these countries but also put up a united face in resisting the pressures of neo-liberalism. US is trying hard to regain its lost hold in the continent, which it once contemptuously considered to be its backyard. It is increasing its military presence in the area. It continues to interfere in the internal affairs of these countries, like the role it played in the coup in Honduras. It is also trying to use the rightwing governments in some other countries. The progressive governments in the region and the Left-wing

forces in the continent are deeply engaged in the fight against the US, exposing its nefarious designs and mobilizing the people against the imperialist offensive.

7.5 The experience of Venezuela during the last decade shows that there has been substantial improvement in social indicators since 1998. Poverty and income inequality have declined sharply. Indicators of health and access to education have substantially improved as have access to water and sanitation. The number of students in higher education more than doubled from the 1999-2000 school year to the 2007-2008 school year. [31]

7.6 The ‘Bolivarian alternative for Latin America’, popularly known as ALBA, has emerged as a political project that is directly opposed to the imperialist design of a Free Trade Agreement for the Americas (FTAA). Although it was born as an alternative proposal to the FTAA, the ALBA responds to an old and permanent confrontation between Latin American and Caribbean peoples and imperialism. Perhaps a better way of presenting the conflicting projects is by contrasting Monroism and Bolivarianism. Monroism, usually referred to as ‘America for the Americans’, is in reality ‘America for the USA’. This is the imperialist project, a project of loot and pillage. Bolivarianism is a proposal of unity between Latin American and Caribbean peoples, following the ideals of Simon Bolivar, who intended to create a Confederation of Republics. It was, in sum, the opposition of an imperialist proposal by a proposal of liberation reflecting the contrast between the FTAA and the ALBA. [32]

7.7 The successes of such governments in continuing to face and overcome imperialist challenges in Latin America, therefore, depends on how they continue to exercise their firmness to maintain ‘politics in command’, in order to ensure that politics determines their economic policies and, thus, continue to defeat imperialism’s political and economic needs which seek to direct their domestic policies to suit imperialism’s hegemonic designs. [33]

7.8 These popular and progressive forces today constitute an important element in strengthening the worldwide struggle against imperialist globalization. They are also an important element in uniting the anti-war, anti-imperialist, anti-military aggression and interventions, anti-environmental destruction movements with the struggles against globalization. It is this unity that needs to be built into a powerful global anti-imperialist movement which will have the potential for a future revolutionary transformation.

South Africa

7.9 Following the historic and heroic victory over apartheid and the victory of the National Democratic Revolution, as characterized by the South African Communist Party (SACP), the ANC government based on a tripartite alliance – ANC, SACP, Confederation of South African Trade Unions (COSATU) – was seriously engaged in transforming the highly exploitative and racially discriminatory apartheid structures and to provide the predominantly black population with economic empowerment. Initially, it had tried this through a policy known as GEAR – growth, employment and redistribution – adopted in 1996. However, it was later realized that these policies advanced the neo-liberal reform process which resulted in the workers’ share in the

GDP which stood at 51 per cent in 1994, declining to 42 per cent in 2008, and the share of profits as a percentage of GDP went up from 25 to 33 per cent in the same period. South Africa is now in the midst of affecting a serious course correction. [34]

- 7.10 On the basis of its own domestic experience and in contending with current world realities, the SACP came to the conclusion that its success can only come under working class hegemony. It says: ‘The struggle for working class hegemony is not an alternative to the multi-class character of our national democratic struggle – on the contrary, it is the precondition for its successful advance, consolidation and defence.’

VIII

Socialism in Indian Conditions

- 8.1 Our Party *Programme* defines the strategy of the Indian revolution that enjoins upon us to complete the democratic stage of the revolution, i.e., people’s democratic revolution as the precursor for the socialist transformation in India.

- 8.2 The updated Party *Programme* elaborately deals with the formation of the people’s democratic front that will lead the people’s democratic revolution under the leadership of the working class and also the programme of the people’s democratic front. Crucial in achieving this is the strengthening of the ‘subjective factor’ which, in turn, amongst others, depends on the effective use of parliamentary and extra parliamentary means of struggle and the building of the worker-peasant alliance. The necessary tactics are worked out from time to time which dovetail our strategic objective of changing the correlation of forces amongst the Indian people towards strengthening the class struggles for the people’s democratic revolution.

- 8.3 It is only after the establishment of People’s Democracy and completing the anti-imperialist, anti-feudal, anti-monopoly capital tasks, can the Indian people advance towards socialism. **What does socialism in Indian conditions mean?** While no blueprint can be detailed till the People’s Democratic Revolution is successfully completed, we can only outline and develop further our understanding contained in our earlier ideological documents:

- It means providing all people food security, full employment, universal access to education, health and housing. It means the economic, political and social empowerment of the people by vastly improving the living conditions of the workers, peasants and the hitherto marginalized sections.
- It means, first and foremost, that people’s power would be supreme. That democracy, democratic rights and civil liberties would be inseparable elements of the socialist juridical, political and social order. Under bourgeois democracy, illusionary formal rights may exist but the majority of people are denied the capacities to exercise of these rights. Under socialism, democracy will be based on the economic, educational and social empowerment of all people, the fundamental and essential requirement for the continuous deepening and development of the quality of human life, on whose foundations socialist democracy will flourish. Under socialism, the right to dissent, freedom of

expression and plurality of opinion will flourish with the aim of strengthening socialism under proletarian statehood.

- It means the ending of caste oppression by abolishing the caste system. It means the equality of all linguistic groups and equal development of all languages. It means the true equality of all minorities and marginalized sections and ending gender oppression.
- It means that the socialist economic construction will be based on the socialised means of production and central planning. As long as commodity production exists, the market is bound to exist. The market forces, however, shall be subsumed under the guidance of central planning. While various forms of property can and will coexist, the decisive form will be that of the social ownership of the means of production. This does not necessarily express itself only as the State-owned public sector. While this plays an important role, other forms like collective and cooperative ownership and State control of economic policies that regulate the economic lifeline will necessarily coexist.

8.4 In our efforts to strengthen the revolutionary struggles in India and drawing correct lessons from the experiences of other countries who are working out their methods to meet the challenges of the present-day world realities, we, in India, need to meet the challenges mounted by the current phase of globalisation taking place in the world capitalist system, the consequent widescale socio-economic-cultural changes in general, and, in particular, its serious implications through domestic economic reforms for the Indian economy and the Indian people. It is, therefore, incumbent upon us to work out the correct tactical line, from time to time in our Party Congresses, to dovetail our strategic objective and advance the struggle of the Indian people for liberation and emancipation.

IX

Current Anti-Marxist Reactionary Ideological Challenges

9.1 Following this shift in balance of forces in imperialism's favour, we anticipated an aggressive all round attack not only ideologically but in all spheres against Marxism and Communism.

9.2 During these two decades, such trends have further intensified. These essentially attempt to reason that with the collapse of the USSR, there is a need to transcend Marxism. Hence, the theories of 'revisiting', 'reassessing' or 'reconstructing' Marxism have surfaced and are circulating in fashionable intellectual circles, influencing and confusing sections of the people.

9.3 **Post-Modernism:** Imperialist-driven globalization fuelled by global finance capital has spawned a whole new range of anti-Marxist ideologies and theories which are marked by the negation of all progressive, universalist ideologies. Theories of class convergence, disappearance of class struggle and the negation of the revolutionary role of the working class have been part of the bourgeois ideological armoury. To these is now added the current anti-Marxist theory of post-modernism.

- 9.4 Post-modernism is a bourgeois philosophical outlook which arose out of the success of the late 20th century capitalism and the reverses of socialism. It rejects any philosophy or politics which is universal and dismisses them as 'totalising' theories, Marxism included. Post-modernism does not recognize capitalism or socialism as a structure or a system. Thus, it is a philosophy suited for global finance capital as it negates class and class struggle. It is a philosophy that is best suited for promoting identity politics and the depoliticisation of the people.
- 9.5 **Social Democracy:** Social Democracy previously was a reformist ideology which sprang up from within the working class movement. It advocated accommodation with capitalism and reforms within the capitalist system. Social Democracy has got transformed in the era of globalised finance capital. It has got further co-opted into the bourgeois system. Reformism gave way to justification of the neo-liberal policies by the social democrats. The 'third way' propounded was nothing but a cover for this. As Marxists, we should counter such theories of social democracy and expose their role as adjuncts to the rule of capital.
- 9.6 Marxism is unique in the sense that it can be transcended only when its agenda is realized; the agenda of realizing a classless Communist social order. Specifically under capitalism, its understanding of capitalism is alone thorough enough for it to comprehend the historical possibilities that lie beyond it. Hence Marxism can never be, under capitalism, rendered superfluous until capitalism is itself superseded. Post capitalism, Marxist philosophy and world view will continue to be the basis and the scientific guide, for socialist construction and the transition to Communism.
- 9.7 As noted in all our ideological documents earlier, Marxism is not a dogma but a 'creative science'. It is based on, amongst others, 'a concrete analysis of concrete conditions'. Marxism is an approach to the analysis of history in general, and of capitalism in particular. It is on this basis, building on the foundation provided by Marx, that we continuously enrich our theory for understanding the present conjuncture and the possibilities it holds for the future. Far from being a closed theoretical system, Marxism represents a process of continuous theoretical enrichment.
- 9.8 Current anti-Marxist ideologies and others that may arise in the future need to be squarely combated in theory and their manifestations in disrupting class unity, in practice.

X

Indian Conditions: Certain Concrete Issues

- 10.1 In Indian conditions, our task to strengthen our revolutionary advance in this transition period, given the balance of forces shifting in favour of imperialism, requires concerted efforts to work for a change in the correlation of class forces amongst the Indian people to advance our strategic objective. This, in turn, requires the unleashing of powerful mass and popular struggles to sharpen the class struggle in our society in the concrete conditions in which we exist.
- 10.2 **Parliamentary and extra-parliamentary forms:** To achieve this task, the updated *Programme* noted: 'The Communist Party of India (Marxist) strives to achieve the

establishment of people's democracy and socialist transformation through peaceful means. By developing a powerful mass revolutionary movement, by combining parliamentary and extra parliamentary forms of struggle, the working class and its allies will try their utmost to overcome the resistance of the forces of reaction and to bring about these transformations through peaceful means. However, it needs always to be borne in mind that the ruling classes never relinquish their power voluntarily. They seek to defy the will of the people and seek to reverse it by lawlessness and violence. It is, therefore, necessary for the revolutionary forces to be vigilant and so orient their work that they can face up to all contingencies, to any twist and turn in the political life of the country.'

- 10.3 Thus achieving, in practice, a proper combination of parliamentary and extra parliamentary activity, in this current situation, is an important task before the Party. Our Party *Programme* states: 'Although a form of class rule of the bourgeoisie, India's present parliamentary system also embodies an advance for the people. It affords certain opportunities for them to defend their interests, intervene in the affairs of the State to a certain extent and mobilise them to carry forward the struggle for democracy and social progress'. (Para 5.22) But the growing power of big capital and the entry of big money into politics and the growing criminalization of politics is distorting and undermining the democratic process.
- 10.4 As the *Political Resolution* adopted at the Extended CC meeting at Vijayawada pointed out: 'Parliamentary democracy itself is getting corroded by neo-liberalism and the impact of global finance capital. The subversion of democracy through money and criminality in politics is accompanied by the growing restrictions on democratic rights. The right to hold demonstrations, public meetings and general strikes are being circumscribed by administrative measures and judicial interventions. The corporate media is used to propagate and justify such restrictions of rights of the people.' (Para 2.35)
- 10.5 The fight to protect and expand the democratic system and the democratic rights of citizens is part of the struggle of the working people against the bourgeois-landlord State and to go to a higher form of democracy under People's Democracy. Our Party *Programme* states: 'It is of utmost importance that parliamentary and democratic institutions are defended in the interests of the people against such threats and that such institutions are skillfully utilised in combination with extra parliamentary activities.' (Para 5.23)
- 10.6 With this perspective, work in the parliamentary forums is to be utilised to strengthen the mass movements. Parliamentary work should be combined with extra-parliamentary activities and struggles to develop a powerful movement to build an alternative to the existing bourgeois-landlord order.
- 10.7 However, it is imperative that we must guard against powerful deviations that may occur. These tendencies can manifest in various forms. Parliamentary democracy by itself creates many illusions amongst the people that seek to mute or weaken class and mass struggles, particularly through State patronage. While combating such illusions and exposing effectively the machinations of the ruling classes in using

such illusions to make people submissive to their class rule, it is imperative that we adopt the correct tactics to rouse the exploited masses into revolutionary action.

10.8 Further, illusions of a peaceful transition will also strengthen. This is a matter that we have settled in our updated *Programme*. The rectification campaigns that we regularly undertake in the Party emphasize the continuous struggle against parliamentary opportunism. The effective combination of parliamentary with extra-parliamentary work requires the guarding against parliamentarism and fostering of parliamentary illusions.

10.9 In the current situation, Maoism as an expression of Left adventurist deviation continues to pose ideological challenges to the advance of the revolutionary class struggles of the Indian people. Despite its understanding being proved wrong, it continues to characterize the Indian ruling classes as comrodor/bureaucratic and continues to adhere to a strategy of immediate armed struggle against the State. It specifically targets the CPI(M). It collaborates with bourgeois reactionary political parties and forces to mount physical and murderous attacks against CPI(M) cadres and sympathisers. It is necessary to strengthen the ideological struggles against such a Left adventurist trend and combat it both politically and organizationally. This is essential to advance the Indian people's struggle for socialism on scientific and revolutionary foundations.

10.10 Falling prey to one of these deviations has the danger of being trapped in a revisionist deviation of relying only on parliamentary activity, thus, neglecting class struggles through mass mobilizations. On the other hand, falling prey to the other will push us into the trap of the Left adventurist deviation of negating parliamentary democracy itself – an infantile disorder. 'All tactics and no strategy' leads to revisionism, 'all strategy and no tactics' leads to adventurism. We must resolutely guard against both [35].

10.11 The CPI(M), since its birth, has vigorously and steadfastly combated both these deviations, amongst others, in order to carry forward the Indian revolution on correct scientific lines. This struggle has neither ended with the formation of the CPI(M) nor will it end even after the triumph of the Indian revolution. The experience of the USSR and Eastern Europe has shown the need to exercise the utmost vigilance and guard against becoming victims of all deviations from the revolutionary content of Marxism-Leninism. The failure to do so had consumed socialism in the USSR to the extent that its form and content cannot be replicated in today's 21st century. [36]

10.12 **Worker-Peasant Alliance:** The strengthening of the 'subjective factor' in Indian conditions crucially depends upon the strengthening of the worker-peasant class alliance to advance our strategic objective. Under the present conditions, there is an urgent need to overcome the weaknesses in achieving this alliance for strengthening the class struggles. The objective situation obtaining in our country is conducive for such an effort. The subjective weaknesses will have to be overcome. An important element in this is to forge the unity of agricultural labour and the poor peasants that represent the most exploited and, hence, the revolutionary sections of our peasantry.

10.13 **Working Class Unity:** As a Party wedded to achieve the liberation of the Indian people under the leadership of the working class, it is imperative that the class unity

and the revolutionary consciousness and strength of the working class must be raised to a level where it can lead the rest of the Indian exploited sections in mounting the class offensive – an assault against the Rule of Capital in India.

10.14 This task, however, under conditions of imperialist globalization becomes more complex. The very logic of neo-liberal reforms leads to and perpetuates the rapid growth of labour force that is increasingly relegated to what is called the unorganized sections. The conversion of regular employment into casual and contractual labour, apart from generating higher profits, is the class attempt of the ruling classes to ensure that the working class unity remains divided and disrupted. Larger and larger numbers are joining the ranks of casual, temporary and self-employed workers. Appropriate tactics need to be worked out to overcome these challenges and strengthen the unity of the working class by drawing the vast mass of the unorganized labour into revolutionary activity.

10.15 Combating economism in trade union activity has always engaged the revolutionary movements. The experiences of the 20th century struggles for socialism, on this score, need to be learnt from and carried forward under the present conditions.

10.16 **Identity Politics:** Identity has always been used by the ruling classes even before the advent of capitalism. Identities such as ethnicity etc. have been utilized to bolster their class rule and various new constructs of nationalism are also created. For example, the rise of Zionism in the late 19th century leading to, in modern times, the State of Israel is one such. [37] Identity was utilized in the wake of the disintegration of the Soviet Union in various of its former republics by the reactionary forces to consolidate their rule. Former Yugoslavia is today fragmented on this basis. Religious identities were effectively utilized by British imperialism and domestic ruling classes to partition the Indian subcontinent. Even today religious and caste mobilizations continue to disrupt class solidarity amongst the exploited sections. In today's conditions, the bourgeoisie uses identity politics on the one hand to disrupt class solidarity, and uses NGOs, on the other hand, to promote such identity politics and, in general, to depoliticize the people.

10.17 The anti-Marxist ideological construct, post-modernism, argues that politics can only be 'micro' or local, that politics can be based on only 'differences' and 'identity'. Thus it provides a new basis for identity politics in the current situation.

10.18 In identity politics, as practiced by proponents of post-modernism, in today's conditions, identity based on ethnicity, religion, caste, tribe or gender increasingly becomes the basis for politics and political mobilisation. Class is considered to be only one fragment of identity. Identity politics thus negates the concept of the working class. By its very nature, identity politics excludes and demarcates those of one identity from others. Wherever identity politics takes hold, it divides the people into separate and disparate groups often in conflicting and competing terms.

10.19 Identity politics is ideally suited for the bourgeois ruling class. Fragmentation of identity is harnessed by the market. In fact in advanced capitalist societies, various lifestyles are celebrated and fashions and goods are designed to cater to them as part of the consumerist society. In the case of the less developed capitalist countries,

identity politics facilitates the penetration of global finance capital and their capture and control of a market. The 'difference' between identity groups does not affect the homogeneity of the market and its practices. Identity politics intervenes to negate class unity and act as a barrier to building united movements of the people. Identity politics is typically carried out through NGOs, voluntary organizations, and what is called civil society. Such NGOs and voluntary organisations which themselves operate as separate and fragmented units are ideal vehicles to carry the idea of separate identity.

10.20 Struggle against Social Oppression and Response to Caste Based Mobilisations: Identity politics based on political mobilisation of caste, tribe etc., poses a serious challenge for those seeking to build the unity of all exploited and oppressed sections of society. The Party of the working class has to concretely take up the issues of land, wages and livelihood of the dalits and backward castes while at the same time it should launch movements against social oppression and caste discrimination. It is by taking up a combination of class issues and social questions that the pernicious effects of identity politics and caste fragmentation can be countered. This is based on the Marxist outlook of how class exploitation and social oppression are interrelated. [38]

10.21 The CPI(M) stand is based on the recognition that there is both class exploitation and social oppression in society. Given the socio-economic formation in our country, class exploitation both capitalist and semi-feudal exists along with various forms of social oppression based on caste, tribe and gender. The ruling classes extract surplus through class exploitation and for the maintenance of their hegemony they utilise the various forms of social oppression. Hence the struggle against both forms of exploitation and oppression should be conducted simultaneously.

10.22 **Gender Issue :** The perpetuation of feudal influences with the social oppression of the caste system has fostered powerful patriarchal ideological values. The neo-liberal framework has further buttressed this. Gender based discrimination is not only a feudal relic but systemic in class based societies. The unequal division of labour and the disproportionate burdens being borne by women in the family economy have been intensified by neo-liberal policies and the increasing abdication of the State from meeting social obligations. The struggle against gender inequality and oppression in all its manifestations must be strengthened. As a Party of the working class, we must work ceaselessly to develop the required social consciousness amongst the Indian people against gender oppression as an integral part of strengthening the class struggles.

10.23 **Communalism:** It is in this context that the struggle against majority communalism and all other expressions of minority religious fundamentalism will have to be seen. Apart from disrupting and weakening the secular democratic foundations of modern India (like the RSS vision of a rabidly intolerant fascistic 'Hindu Rashtra'), the foundations that largely facilitate the exercise of democratic rights which is an important pre-condition for the advance of our class mobilization, these forces directly disrupt the unity of the working class and the exploited sections by rousing communal passions exploiting the religious appeal amongst our people. Hence, without a firm struggle to defeat communalism, the revolutionary advance in our country will not be possible.

- 10.24 **Nationalism** : Modern nationalism is associated with the rise of the bourgeois class and its use of the national consciousness against feudalism. In the twentieth century, nationalism arose in the colonial and semi-colonial countries to fight the colonial and imperialist rule. The anti-imperialist content of nationalism got diluted with the ruling classes taking over in these ex-colonies. Under imperialist globalisation, there is a concerted assault on national sovereignty. Imperialist finance capital demands that all nation-states concede their national sovereignty to its dictates.
- 10.25 New challenges are also being mounted through mobilizations based on numerous regional and ethnic identities. The movements for separate states like in Telangana, Darjeeling and innumerable other parts of the country today not only disrupt the foundations of a linguistic organisation of the Indian State but are disrupting the very unity of the exploited classes. [39]
- 10.26 International finance capital promotes ethnic nationalism and separatism to weaken the sovereignty and integrity of nation states. Such reactionary ethnic nationalism which divides people on narrow sectarian lines should be opposed while we must champion their democratic aspirations. The struggles against genuine oppression and discrimination against them must be strengthened. At the same time, the defence of national sovereignty and anti-imperialist nationalism is an important aspect to rally solidarity of the exploited classes and strengthen class unity in the struggle against imperialist globalisation.
- 10.27 In a multinational country like India, with globally unmatched socio-cultural diversity, the proclivities for such tendencies continue to remain innumerable. They disrupt the unity of the exploited classes and to that extent weaken our advance towards our strategic objective. This can only be countered by strengthening of the class unity of the exploited sections through the building of powerful popular struggles on class issues. It is on the basis of such an understanding that we worked out our tactical approach against the reordering of the existing Indian States by disrupting the principle of a linguistic reorganization.

XI

Conclusion

- 11.1 Notwithstanding the reverses to world socialism and the qualitative shift in the international correlation of class forces in favour of imperialism, the CPI(M), basing itself on the creative science of Marxism-Leninism is committed to advance the cause and struggles of the Indian people towards true and complete emancipation and freedom. The 20th century developments, notwithstanding all the shortcomings and reverses testify that the fundamental direction of human civilizational advance, in the historical vision, is inevitably towards national and social liberation.
- 11.2 Under the present circumstances, the CPI(M) is committed to strengthen the 'subjective factor' by combating the challenges posed by the disruptive movements and guarding against falling prey to any deviation from the revolutionary content of Marxism-Leninism. In various Party Congresses, we have worked out the tactics in order to meet such challenges. On this basis, correct tactics need to be worked out for the future.

11.3 The CPI(M) – taking into account its very evolution, its experiences in combating all the deviations and in firmly upholding the revolutionary content of Marxism-Leninism, taking into account the experiences of socialism that left an incredible impact on the evolution of human civilization in the 20th century and in making a scientific evaluation of the socio-economic systems of both contemporary capitalism and socialism in the world today – is committed to carry forward this process till the final triumph of the Indian people. The CPI(M) shall carry forward its revolutionary tasks and mobilise all the exploited sections of the Indian people in order to change the current correlation of class forces amongst our people and mount the revolutionary offensive for the establishment of people’s democracy and, on its foundations, socialism – the only basis for human liberation and emancipation.

Explanatory Notes

[1] Paragraph 1.7: Amongst these are the glorious Telengana people’s armed struggle; Tebhaga movement (Bengal); Punnapara Vayalar (Kerala); Warli tribals struggle (Maharashtra); Tripura armed struggle; Surma Valley struggle (Assam); anti-betterment levy struggle (Punjab); anti-farm slavery movement in East Tanjore (Tamilnadu); and innumerable working class struggles, etc.

[2] Paragraph 2.3: As recently as 1990, the ten largest US financial institutions held only 10 per cent of total financial assets; in 2009 they owned 50 per cent. The top twenty institutions hold 70 per cent of financial assets (2009) – up from 12 per cent in 1990. At the end of 1985, there were 18,000 Federal Deposit Insurance Corporation (FDIC) - member banks in the United States. By the end of 2007, this had fallen to 8,534, and since then has dropped still further. Of the fifteen largest U.S. banks in 1991 (together holding at that time \$1.5 trillion in assets), only five remained by the end of 2008 (holding \$8.9 trillion in assets).

[3] Paragraph 2.7: Drawing upon the existing work on imperialism by those like Hilferding and Hobson, Lenin went beyond their definitions to analyse imperialism as the highest stage of capitalism, which increasingly comes under the hegemony of international finance capital. He notes the basic features of imperialism thus: ‘A definition of imperialism will include the following five of its basic features: (i) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; (ii) the merging of bank capital with industrial capital, and the creation, on the basis of this ‘finance capital’, of a financial oligarchy; (iii) the export of capital as distinguished from the export of commodities acquires exceptional importance; (iv) the formation of international monopolist capitalist associations which share the world among themselves, and (v) the territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed’. (Lenin, *Collected Works*, Vol. 22, pp. 266-267)

[4] Paragraph 2.8: Notice that Lenin empirically established the domination of finance capital already in 1913 by quoting the following facts:

BANK ASSETS (According to Reports for October-November 1913 000,000 rubles)

Group of Russian Banks	Capital Invested		
	Productively	Speculatively	Total
Four banks: Siberian Commercial, Russian, International, and Discount Bank . . .	413.7	859.1	1272.8
Two banks: Commercial and Industrial, and Russo-British	239.3	169.1	408.4

Five banks: Russian-Asiatic, St. Petersburg Private, Azov-Don, Union Moscow, Russo-French Commercial	711.8	661.2	1373.0
11 banks total	1364.8	1689.4	3054.2
Eight banks: Moscow Merchants, Volga-Kama, Junker and Co., St. Petersburg Commercial (formerly Wawelberg), Bank of Moscow (formerly Ryabushinsky), Moscow Discount, Moscow Commercial, Moscow Private . . .	504.2	391.1	895.3
19 banks total	1869.0	2080.5	3949.5

In modern times, as examples of profits from financial speculative activities, note:

1. GE Capital generated 42 per cent of the group's profits in 2003.
2. General Motors and Ford registered nearly all their profit from consumer leasing arrangements, with sales revenue barely breaking even in 2003.
3. In 2004 the General Motors Acceptance Corporation (GMAC) division earned \$2.9 billion, contributing about 80 per cent of General Motors total income.

[5] Paragraph 2.18: Apart from our own experience in India, corruption at high places has become a pervasive feature of imperialist globalisation. The latest in the series of world leaders indicted is former French Premier Jacques Chirac, Thaksin (Thailand), Berlusconi (Italy), Gloria Acquino (Philippines), etc.

The Global Corruption Report 2009 presents compelling evidence that a new potent wave of globalised cartel activity has been sweeping through the world since the 1980s, often implicating well-known brand names and hitting developing countries particularly hard. Key market sectors worldwide have been corrupted, from food and vitamins to infrastructure projects, from anti-malaria medicines to the most sophisticated high-tech products and consumer services.

In the United Kingdom, politically connected firms are estimated to account for almost 40 per cent of market capitalisation – a level that rises to a staggering 80 per cent in Russia. In addition, the scale and rapid growth of lobbying raises serious concerns about equal visibility and the right to get heard for citizens who cannot afford to hire lobbyists. In Brussels an estimated 2,500 lobbying organisations with 15,000 lobbyists vie for influence on EU policy-making. In the United States, lobbying expenditures by companies have risen sharply and, at state level, lobbying expenditures average US \$ 200,000 per legislator, while five lobbyists vie for the attention of each lawmaker.

In developing and transition countries alone, corrupt politicians and government officials receive bribes believed to total some US \$ 20 to 40 billion annually – the equivalent of around 20 to 40 per cent of official development assistance.

In the recent period in at least 23 countries the ruling parties or their members are found to be involved in corrupt activities. The list includes: US, Mexico, Colombia, Peru, Argentina, Brazil, Ireland, UK, Italy, France, Russia, Slovenia, Japan, South Korea,

Taiwan, Philippines, Indonesia, Thailand, Afghanistan, India, Pakistan, Uganda and Kenya. Among these countries in three countries (Japan, South Korea and Philippines) corruption became the main issue that resulted in the resignation or the collapse of the government.

According to the Asian Development Bank's anti-corruption report published in 1998, 'Corruption can cost many governments as much as 50 per cent of their tax revenues. When customs officials in a Latin American country were allowed to receive a percentage of what they collected, there was a 60 per cent increase in customs revenues within 1 year Some estimates of the role of corruption in a European country concluded that it has inflated this country's total outstanding government debt by as much as 15 per cent or \$ 200 billion.'

[6] Paragraph 3.4: The *Human Development Report 2010* showed 'a decline in labour shares in total incomes in 65 of 110 countries (roughly 60 per cent) over the past two decades, contrary to the previous assumption of stable labour shares over time. Some large countries – notably India and the United States – saw substantial declines, of up to 5 percentage points, from 1990 to 2008, driving a drop in the average world labour share of 2 percentage points.

'According to one study, the world Gini coefficient (the universally accepted measure of income inequalities) has worsened since 1988 and now stands at a startling 0.71 (zero representing complete equality and one at the other end of the spectrum total and complete immiserisation of the vast mass of people). Within countries rising income inequality is the norm: more countries have a higher Gini coefficient now than in the 1980s. Most countries in East Asia and the Pacific also have higher income inequality today than a few decades ago. This is explained partly by growing gaps between urban and rural areas. Poor people experience deprivations in many other dimensions as well and at once. Of these, gender differences, amongst others remain acute.

'The worsening is especially marked in countries that were part of the former Soviet Union, which still have relatively low Gini coefficients because they started with low inequality. Transition has eroded employment guarantees and ended extensive state employment. Before the fall of the Berlin Wall, 9 of 10 people in socialist countries were employed by the state, compared with 2 of 10 in Organisation for Economic Co-operation and Development economies.

'In sum, we estimate that about a third of the population in 104 countries, or almost 1.75 billion people, experience multidimensional poverty'.

On the other hand, globally the number of billionaires in the world increased by over 300 totalling 1210 and their combined net worth is \$4.5 trillion. A year-on-year comparison of wealth billionaires for 2008-2011 period shows that wealth in Asia-Pacific is nearly 24 per cent higher than the pre-financial crisis period and wealth in the Americas is 41 per cent higher.

The richest 2 per cent of the world's population own half of the world's wealth. The GDP (Gross Domestic Product, total of everyone's income) in the poorest 48 nations is less than the combined wealth of the world's three richest people. The poorest 40 per cent of the world's population accounts for 5 per cent of the global income. The richest 20 per

cent of world's population accounts for three-quarters of world income. The average yearly income of the richest 20 per cent of people in the world is about 50 times greater than the yearly income of the poorest 20 per cent of people.

In the US, in terms of wealth rather than income, the top 1 per cent control 40 per cent. Twenty-five years ago, the corresponding figures were 12 per cent and 33 per cent. While the top 1 per cent have seen their incomes rise 18 per cent over the past decade, those in the middle have actually seen their incomes fall. As of the end of August 2011, America's top 400 held a combined \$1.53 trillion in personal wealth, a total 12 per cent up from last year – and not that far off the top 400 all-time high, \$1.57 trillion, set in 2007, the year before the Great Recession hit. Back in 1982, an American of means needed at least \$75 million to enter the ranks of the *Forbes* 400. The entry threshold for the current 2011 list: \$1.05 billion. Between 1982 and 2011, the total combined fortunes on the *Forbes* 400 list have soared – after taking inflation into account – an eye-popping 612 per cent. Between 1983 and 2009, America's richest 5 per cent grabbed 82 per cent of all the nation's gains in wealth. The nation's bottom 60 per cent of households actually had less wealth in 2009 than in 1983.

In our country, India, on one hand we find the number of dollar billionaires on the rise along with the number of the poor and destitute. The number of dollar billionaires has increased from 52 in 2010 to 69 in 2011. Their combined assets equal to 30 per cent of Indian GDP. On the other hand, there are nearly 80 per cent of Indian population who are surviving on less than Rs 20 a day.

[7] Paragraph 3.4: Unemployment:

According to the *Human Development Report 2010*, 'Unemployment and poverty worsened sharply: 34 million people lost their jobs, and 64 million more people fell under the \$1.25 a day poverty threshold. This stands on top of the 160–200 million people who fell into poverty as a result of higher commodity prices in the preceding years. In 2010 unemployment averaged 9 per cent in developed countries and reached 10 per cent in the United States and 20 per cent in Spain'. The International Labour Organization predicts that 43 million people who lost their jobs during the global financial crisis through 2009 risk entering long-term unemployment.

[8] Paragraph 3.5: As Marx writes in Volume 3 of *Capital*, 'The ultimate reason for all real crises always remains the poverty and restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute consuming power of society constituted their limit'.

[9] Paragraph 3.6: Sub-prime loans

Sub-prime loans are loans given at interest rates lower than the prime rates initially to lure borrowers, only to be re-set higher later. These are primarily loans given to people who may have difficulty maintaining the repayment schedule. This practice is intended to extend credit to people who would otherwise not have access to the credit market.

[10] Paragraph 3.7: Marx, writing on production and consumption, states: 'Production not only supplies a material for the need, but it also supplies a need for the material. As soon as consumption emerges from its initial state of natural crudity and immediacy – and, if it remained at that stage, this would be because production itself had been arrested there – it becomes itself mediated as a drive by the object. The need which consumption

feels for the object is created by the perception of it. The object of art – like every other product – creates a public which is sensitive to art and enjoys beauty. *Production thus not only creates an object for the subject, but also a subject for the object.* Thus production produces consumption (1) by creating the material for it; (2) by determining the manner of consumption; and (3) by creating the products, initially posited by it as objects, in the form of a need felt by the consumer. It thus produces the object of consumption, the manner of consumption and the motive of consumption'. (*Grundrisse*, p. 92)

[11] Paragraph 3.7: Derivatives are shadow financial instruments that include futures, options, forwards trading. If one buys or sells a share in the stock market, then it is actual trade. However, if one buys or sells the option to buy or not to buy a share, then it is derivative trade. The seller of the option, believe it or not, need not own that share. Likewise, the buyer need not pay the full money for the share. Such speculation in the global commodity exchange markets is playing havoc with food and oil prices. Such instruments of speculative trading were 'bundled' and sold or bought by these financial corporations, thus enmeshing such speculative financial transactions with the global financial system. Therefore, instead of one particular bank collapsing because of defaults of its loans, sub-prime loan defaults engulfed the entire financial system leading to the meltdown.

The humongous growth of such speculation can be understood by the fact that at the end of 2008, the Bank for International Settlements in Switzerland estimated the face value of all derivative contracts across the world to be \$680 trillion, up from \$106 trillion in 2002 and a relative pittance just two decades ago. Theoretically intended to limit risk and ward off financial problems, the contracts instead have stoked uncertainty and actually spread risk amid doubts about how companies value them. This shadow economy is 10 times larger than the world GDP (\$65 trillion) and six times larger than the actual trading in shares in the world's stock exchanges (\$ 100 trillions).

The total market capitalization of all publicly traded companies in the world was \$51.2 trillion in January 2007 and rose as high as \$57.5 trillion in May 2008 before dropping to \$40 trillion in September 2008. Market capitalisation in the world as on August 2011, is \$51.61 trillion. The value of share turnover in the August 2011 is \$44.47 trillion. Investment flows during the period, January and August 2011 is \$159.8 billion. This is how imperialist globalisation maximised its profit generation resulting in the 2008 burst of this speculative bubble.

Marx, concluding his chapter on the genesis of industrial capital in *Capital*, states: 'Capital comes dripping from head to foot, from every pore, with blood and dirt'. He buttresses this with a quote, in a footnote, from a worker and trade union leader (Marx consciously drew on the writings and experience of workers to validate his analysis) T.J. Dunning: 'With adequate profit, capital is very bold. A certain 10 per cent will ensure its employment anywhere; 20 per cent will produce eagerness; 50 per cent, positive audacity; 100 per cent will make it ready to trample on all human laws; 300 per cent and there is not a crime at which it will scruple, nor a risk it will run, even to the chance of its owner being hanged.'

[12] Paragraph 3.12: By early 2009, over \$12 trillion in capital infusions, debt support, and other financial commitments to corporations were provided in the bailout by the US government alone. Nine of the financial firms that were among the largest recipients of

US federal bailout money in 2007/2008, paid about 5,000 of their traders and bankers bonuses of more than \$1 million apiece as early as 2008. Of those, roughly 5,000 people – a small subset of the industry – accounted for more than \$5 billion in bonuses. At Goldman, just 200 people collectively were paid nearly \$1 billion in total, and at Morgan Stanley, \$577 million was shared by 101 people. The bonus pools at the nine banks that received bailout money was \$32.6 billion, while those banks lost \$81 billion. At Morgan Stanley, for example, compensation in 2008 was more than seven times as large as the bank's profit. In 2004 and 2005, when the stock markets were doing well, Morgan Stanley spent only two times its profits on compensation.

[13] Paragraph 3.13: According to the *Human Development Report 2010*, the impact of the global economic crisis is: 'In Latin America and the Caribbean GDP growth declined, with significant drops in Chile, Mexico and Peru. Sub-Saharan Africa sustained growth, though at the much lower rate of about 2 per cent in 2009, down from more than 5 per cent in 2008. In developed countries annual growth fell about 6 percentage points to -3.4 per cent in 2009. Some countries in Europe and Central Asia appear to have been hardest hit: the economies of the former Soviet Union went from more than 5 per cent growth in 2008 to a contraction of almost 7 per cent in 2009, with poverty increasing markedly. Some 40 per cent of countries facing a growth slowdown already had high poverty in 2009 and limited fiscal and institutional capacities to cope with economic volatility.'

Crises also increased infant mortality and malnutrition, with severe long-run costs from stunting. Estimates suggest that in Africa at least 30,000–50,000 children will die because of the recent financial crisis. More than 90 million more people were added to the list of those suffering from severe hunger, bringing their number to one billion. Many countries had witnessed food riots, due to rising prices of food commodities, again another affect of the crisis.

[14] Paragraph 3.14: In 2006, the real hourly wage rate of private, non-agricultural workers in the United States was the same as in 1967, despite the enormous growth in productivity and wealth in the succeeding decades. In 2000-07, productivity growth in the US economy was 2.2 per cent, while median hourly wage growth was -0.1 per cent. Wage and salary disbursements as a percentage of GDP declined sharply from approximately 53 per cent in 1970 to about 46 per cent in 2005. Yet, as if in stark defiance of these trends, consumption at the same time rose as a per cent of GDP from around 60 per cent in the early 1960s to about 70 per cent in 2007.

[15] Paragraph 4.3: This was articulated for the first time in a strategic document released by the Pentagon called the Defence Planning Guidance (DPG). This set out the strategy for the permanent dominance of USA in the world. It said: '*Our first objective is to prevent the re-emergence of a new rival . . . that poses a threat on the order of that posed formerly by the Soviet Union. We (must) endeavour to prevent any hostile power from dominating a region whose resources would, under consolidated control, be sufficient to generate global power*'.

Condoleeza Rice, during the 2000 presidential campaign had articulated this policy in a much cited article in *Foreign Affairs*, where she says: '*China is a great power with unresolved vital interests, particularly concerning Taiwan . . . China also resents the role of the United States in the Asia-Pacific region.*' For these reasons, she states: '*China is not a "status quo" power but one that would like to alter Asia's balance of power in its*

own favour. That alone makes it a strategic competitor, not the “strategic partner” the Clinton administration once called it’. It is essential, she argues, to adopt a strategy that would prevent China’s rise as regional power. In particular, *‘the United States must deepen its cooperation with Japan and South Korea and maintain its commitment to a robust military presence in the region’.* Washington should also *‘pay closer attention to India’s role in the regional balance’*, and bring it into an anti-Chinese alliance system.

This policy direction got strengthened soon after the 9/11 terror attack in the US. As our Party Congress resolutions noted, the Cold War slogan of war against Communism was now replaced in the global war against terror. Adopting its strategic doctrine of pre-emptive strike, Bush had declared that: *‘We fight our enemies abroad instead of waiting for them to arrive in our country. We seek to shape the world not merely be shaped by it.’*

[16] Paragraph 4.3: Today USA has 702 military installations throughout the world in 132 countries. It possesses nearly 10,000 active and operational nuclear warheads, 2,000 of these are on hair trigger alert. During the Bush regime, it was his slogan: *‘America is at war’* that dominated US policy. This naturally sent its military expense in a spiral. In 1989, the US military expenditure was \$304.08 billion. This had fallen to \$280.96 billion in 1999. But it has now shot up to \$1.14 trillion. By the end of the Cold War, US military expenditure in total world military expenditure stood at 36 per cent and that of the USSR at 23.1 per cent. By 2008, its share of world military expenditure rose to 41.5 per cent.

[17] Paragraph 4.3: The enlargement of NATO became a vital component of the ‘project for the new American century’ aimed at establishing global hegemony in the post-Cold War period. The charter of NATO was broadened to cover the whole globe. It was, thus, shaped into a politico-security vehicle to advance imperialist hegemony. In 1994, it adopted a strategic doctrine which essentially contained two objectives. The first was to rope in former Soviet republics and East European countries within NATO. The second was the self-declared objective giving itself the right for ‘first use of military force’ anywhere in the world based on its threat perception.

[18] Paragraph 4.4: The United States currently imports 51 per cent of its crude oil – 19.5 million barrels daily. The Energy Information Administration estimates that by 2020, the United States will import 64 per cent of its crude – 25.8 million barrels per day. Caspian region oil reserves might be the third largest in the world (following Western Siberia and the Persian Gulf) and, within the next 15 to 20 years, may be large enough to offset Persian Gulf oil. Caspian Sea oil and gas are not the only hydrocarbon deposits in the region. Turkmenistan’s Karakum Desert holds the world’s third largest gas reserves – three trillion cubic meters – and has six billion barrels of estimated oil reserves. Current estimates indicate that, in addition to huge gas deposits, the Caspian basin may hold as much as 200 billion barrels of oil – 33 times the estimated holdings of Alaska’s North Slope and a current value of \$4 trillion. It is enough to meet the United States’ energy needs for 30 years or more. The presence of these oil reserves and the possibility of their export raises new strategic concerns for the United States and other Western industrial powers. As oil companies build pipelines from the Caucasus and Central Asia to supply Japan and the West, these strategic concerns gain military implications.

The US government Energy Information fact sheet on Afghanistan dated December 2000 says that: ‘Afghanistan’s significance from an energy standpoint stems from its

geographic position as a potential transit route for oil and natural gas exports from Central Asia to the Arabian Sea’.

The Caspian Sea region has an estimated oil and gas resources worth \$4 trillion. For the USA, no region has emerged today to become as strategically significant as the Caspian.

[19] Paragraph 4.4: This is the crux of the matter for the war in Afghanistan and the Afpak policy of US imperialism. This, however, seeks legitimacy behind the slogan of ‘war on terror’. It becomes clear that to advance the interests of US oil majors, ensure security of multibillion dollar generating oil and gas export pipelines reaching the Arabian sea and to establish effective control over the resources in the region, US imperialism requires a strong ally in government in a unified Afghanistan.

[20] Paragraph 4.12: For instance, the mega corporation Time had earlier merged with the entertainment giant Warner Bros. The information giant American Online Ltd (AOL) has now acquired Time-Warner at a cost of \$ 164 billion to become the largest ICE conglomerate in the world. Rupert Murdoch now commands a combined news, entertainment and internet enterprise which is valued at \$ 68 billion. Likewise, Walt Disney has now acquired Marvel (of Spiderman fame). The cultural products that are universally created are bombarded across the world garnering phenomenal profits. As recently as in January 2011, Comcast Corp has completed its takeover of NBC Universal, creating a \$ 30 billion media behemoth that controls not just how television shows and movies are made, but how they are delivered to people’s homes. Comcast, the No. 1 provider of video and residential internet service in the United States (with over 23 million video subscribers and nearly 17 million internet subscribers), acquired a 51 per cent stake in NBC Universal from General Electric Co. The newly created joint venture is called NBCUniversal LLC and its assets include NBC broadcast stations, cable channels like Bravo, USA and E!, the Universal movie studio as well as theme parks among other assets.

Some instances in the Indian context:

Reliance Entertainment (formerly known as Reliance BIG Entertainment) is a wholly owned subsidiary of the Reliance Anil Dhirubhai Ambani Group its media and entertainment business, across content and distribution platforms. The key content initiative are across Movies, Music, Sports, Gaming, Internet and mobile portals, leading to direct opportunities in delivery across the emerging digital distribution platforms: digital cinema, IPTV, DTH and Mobile TV. Reliance ADA Group acquired Adlabs Films Limited in 2005, one of the largest entertainment companies in India, which has interests in film processing, production, exhibition and digital cinema.

Having won 45 stations in the bidding, BIG 92.7 FM was India’s largest private FM radio network with 12 radio stations across the country as on 28 February 2007. Big Cinemas is India’s largest cinema chain with over 516 screens spread across India, US, Malaysia and Netherlands. The chain caters to over 35 million consumers. BIG Cinemas has established leadership in film exhibition in India with 253 screens and accounts for 10 to 15% of box office contributions of large movies.

The company forayed into the largely untapped video rental market in India by acquiring Big Flix and started further expansion. In April 2008, Reliance Big Entertainment acquired DTS Digital Images, a digital film restoration company based in Burbank,

California. On 15 July 2009, Reliance Big Entertainment and Steven Spielberg announced a joint venture with a funding of \$ 825 million. Recently, Big 92.7 FM launched a radio station in Singapore considering 8% of the population residing there is Indian. On January 15, 2010, Reliance reportedly joined the bidding for MGM. On April 5, 2010, they acquired a 50% stake in Codemasters.

Reliance had invested about 26 billion rupees in Eenadu Group's regional TV channels when it announced the deal with the TV18 group's Network18 on January 3, 2012. Reliance holds a 100 percent economic interest in five ETV regional news channels and five ETV general entertainment channels. It also owns a 49 percent economic interest in ETV Telugu and ETV Telugu News.

[21] Paragraph 5.1: 14th Congress resolution, says:

‘2.22: During this century, capitalism plunged humanity into two barbaric world wars claiming millions of lives. It produced and used nuclear weapons to demonstrate its inhuman superiority and plunged the world into a nuclear race with devastating consequences. It launched numerous wars to contain humanity’s advance to socialism, intervened in the internal affairs of independent countries, organised coups, foisted reactionary and dictatorial regimes to suit its interests. Its most barbaric form was exposed in the fascist dictatorships.

‘2.23: On the other hand, the socialist revolutions and national liberation struggles imparted a richer content to human civilisation, by making it possible for the majority of the working people in many countries to lead their lives without national oppression and free from exploitation. This impact continues to chart the future course of human development towards national and social liberation. This process, however, will be long, complex and full of twists and turns. But the fundamental direction of the epoch continues to be that of a transition from capitalism to socialism.’

[22] Paragraph 5.5: Our 14th Congress resolution noted:

‘2.24: However, the simplistic understanding that this period of transition means the immediate collapse of capitalism and the triumph of socialism on a world scale, needs to be corrected. Socialism, the period of transition from a class to classless society, implies the prolonged existence of both capitalism and socialism on a world scale. It is a period of continuous confrontation between the counter-revolutionary forces who wish to preserve the exploitative capitalist order and the revolutionary forces that seek to liberate humanity. This continuous struggle takes place both at the world scale and internally within the socialist countries.

‘5.3 (2). The forms of the dictatorship of the proletariat, however, are not constant or immutable. As the socialist society develops, the forms pass through varying and different phases.

‘5.3 (3) The ability to transit from one phase to another is determined by the correlation of class forces, both internal and international, and its correct estimation. In a situation of imperialist intervention, the civil war and the all-out attempts to destroy socialism that was being born, the proletarian state had to crush the counter-revolution and eliminate the forces of exploitation. This demanded the centralised apparatus of a state which was also essential for building a planned economy. However, after this phase was over, as the socialist system and the state consolidated and the correlation of class forces changed in

its favour, opportunities for widening democracy and new initiatives opened up. Unfortunately, incorrect assessments of the reality led to the earlier methods of running the state machinery being carried over into the subsequent period. This led not only to the failure to realise the full potential of widening and deepening socialist democracy and popular people's participation but also to distortions such as growing bureaucratism, violation of socialist legality and suppression of individual freedom and liberty. The movement to higher phases of the form of the dictatorship of the proletariat imply the progressive enrichment of socialist democracy.

'5.3 (6) While the forms continuously change, adapting to the concrete developments in each socialist country, these need not and cannot be the same for different socialist countries. The specific form of the dictatorship of the proletariat that will emerge in one socialist country, will depend upon the concrete socio-economic conditions and the historical background of these countries. Lenin, in *State and Revolution*, has stated clearly: 'The forms of bourgeois states are extremely varied, but their essence is the same: all these states, whatever their form, in the final analysis are inevitably the dictatorship of the bourgeoisie. *The transition from capitalism to communism certainly cannot but yield a great abundance and variety of political forms, but the essence will inevitably be the same: the dictatorship of the proletariat*'. (Emphasis added.)

[23] Paragraph 5.6: In our 14th Congress Resolution, we had given our understanding of some shortcomings in the process of socialist construction in the USSR that contributed to its dismantling. The Resolution from para 5.1 to 5.6.4 dealt in detail with these shortcomings and concluded thus: 'These distortions in the spheres of the functioning of the class character of the state under socialism, of strengthening and deepening socialist democracy, inability to adopt timely changes in the methods of economic management, erosion in standards of revolutionary morality and grave deviations in the ideological sphere, laid the basis for the growing alienation of the people from the Party and the state, thus permitting the counter-revolutionary forces, both internal and external, to act in concert to dismantle socialism.'

[24] Paragraph 6.4: Lenin, *Collected Works*, Vol. 33, p. 58, emphasis added. Lenin further states: 'Capitalism is a bane compared with socialism. Capitalism is a boon compared with medievalism, small production, and the evils of bureaucracy which spring from the dispersal of the small producers. In as much as we are as yet unable to pass directly from small production to socialism, some capitalism is inevitable as the elemental product of small production and exchange; so that we must utilise capitalism (particularly by directing it into the channels of state capitalism) as the intermediary link between small production and socialism, as a means, a path, and a method of increasing the productive forces.' (*Collected Works*, Vol. 32)

But, does this mean the restoration of capitalism? To this Lenin answers quite candidly during the period of the NEP (new economic policy): 'It means that, to a certain extent, we are re-creating capitalism. We are doing this quite openly. It is state capitalism. But state capitalism in a society where power belongs to capital, and state capitalism in a proletarian state, are two different concepts. In a capitalist state, state capitalism means that it is recognised by the state and controlled by it for the benefit of the bourgeoisie, and to the detriment of the proletariat. In the proletarian state, the same thing is done for the benefit of the working class, for the purpose of withstanding the as yet strong bourgeoisie, and of fighting it. It goes without saying that we must grant concessions to

the foreign bourgeoisie, to foreign capital. Without the slightest denationalisation, we shall lease mines, forests and oilfields to foreign capitalists, and receive in exchange manufactured goods, machinery etc., and thus restore our own industry.’

Lenin, while talking of state capitalism and emphasising the need to rapidly expand the productive forces, also warned of the risks to the socialist state that such a period of transition will bring about. Characterising the process of building state capitalism as a war, Lenin says: ‘the issue in the present war is – who will win, who will first take advantage of the situation: the capitalist, whom we are allowing to come in by the door, and even by several doors (and by many doors we are not aware of, and which open without us, and in spite of us) or proletarian State power?’ (*Collected Works*, Vol. 33, p. 65)

He proceeds further to state: ‘We must face this issue squarely – who will come out on top? Either the capitalists succeed in organising first – in which case they will drive out the Communists and that will be the end of it. Or the proletarian state power, with the support of the peasantry, will prove capable of keeping a proper rein on those gentlemen, the capitalists, so as to direct capitalism along state channels and to create a capitalism that will be subordinate to the state and serve the state.’ (*Collected Works*, Vol. 33)

Lenin himself noted on the 4th anniversary of the October Revolution: ‘Borne along on the crest of the wave of enthusiasm, rousing first the political enthusiasm and then the military enthusiasm of the people, we expected to accomplish economic tasks just as great as the political and military tasks we had accomplished by relying directly on this enthusiasm. We expected – or perhaps it would be truer to say that we presumed without having given it adequate consideration – to be able to organise the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state. Experience has proved that we were wrong. It appears that a number of transitional stages were necessary – state capitalism and socialism – in order to prepare – to prepare by many years of effort – for the transition to Communism. Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this small-peasant country *to build solid gangways to socialism by way of state capitalism*. Otherwise we shall never get to Communism, we shall never bring scores of millions of people to Communism. That is what experience, the objective course of the development of the revolution, has taught us.’

[25] Paragraph 6.4: The *Ideological Resolution* adopted at the 14th Congress analyses, ‘During the process of socialist construction, whose time period varies from country to country, depending on the initial historical levels, the process of socialisation of means of production would go through prolonged phases. Diverse forms exist such as state owned enterprises, collectives, cooperatives and petty individual properties. The pace of the socialisation of means of production depends crucially on the initial levels of economic backwardness that these socialist states have inherited. Further, it depends on the concrete balance of class forces internally and the pressures that are mounted by class enemies internationally. Ideally, the pace should correspond to the historical circumstances and the levels of productive forces already attained. In periods of concerted internal and external onslaught of class enemies, such a process may have to be hastened for the very survival of socialism itself. The objective factors that impose such an intensification of the pace of socialisation of means of production, by themselves, create certain material conditions on

whose basis distortions can occur in this process. At the same time, an incorrect estimation of the balance of class forces will also lead to grave distortions by undermining the rights of various forms of property-owners through state coercion and not through people's participation. Thus, laying the basis not only for people's alienation but also restricting the future economic potential'.

[26] Paragraph 6.12: Phases in Chinese reforms: Keen Western students and followers of Chinese developments made the following observations. 'The reforms in China can be broadly divided into five phases, Phase 1 (1979-1986): State Owned Enterprises (SOEs), broadly understood, are allowed to move beyond the plan; Phase 2 (1987-1992): Partly commercial entities arise; Phase 3 (1993-2001): The state sector shrinks; the truly private sector expands; Phase 4 (2002-2007): Restructuring of SOEs; contraction ends and Phase 5: (2008-present) Active re-enlargement of state sector'. The *New York Times* building upon it divides these five phases broadly into three, (i) from 1978 to 1990, where the reforms unleashed private sector (ii) from 1990 till the 2007 global economic crisis, where the reforms dismantled great sections of the state-run sector and (iii) the current phase, where all the above are being undone.

[27] Paragraph 6.18: The CPC has recently announced a Development-Oriented Poverty Reduction for China's Rural Areas (2011-2010). The government has adopted a goal of providing adequate food and clothing for poverty-stricken people while ensuring their access to compulsory education, basic medical services and housing by 2020. The widening wealth gaps between urban and rural areas, different regions and between the rich and poor in China were worrisome and in 2010, the average per capita income of China's urban residents was 3.23 times that of rural residents.

In 2007, the state decided to establish a rural subsistence allowance system throughout the rural areas that would cover all rural residents whose per capita annual net household income was below the prescribed standard, so as to solve the problem of adequate food and clothing. By the end of 2010, the system covered 25.287 million rural households, totalling 52.14 million people. In 2010, a total of 44.5 billion yuan of rural subsistence allowance was issued. The state provides the five guaranteed forms of support (food, clothing, housing, medical care and burial expenses) for those who are unable to work and have no family support.

Compulsory education in rural areas has been strengthened. By the end of 2010, in the key counties in the national development-oriented poverty reduction programs, 97.7 per cent of children aged between 7 and 15 were enrolled in school. The illiteracy rate of young and middle-aged people had decreased to 7 per cent, 5.4 percentage points lower than in 2002. In addition, the new type of cooperative medical care system for rural residents had covered all the rural population. By the end of 2010, in the key counties in the national development-oriented poverty reduction programs, 93.3 per cent of rural households had participated in the new cooperative medical care system and 91.4 per cent of rural residents were able to get timely medical service; every township had a hospital and most administrative villages had a clinic.

[28] Paragraph 6.26: The Report of the 6th Congress of the Communist Party of Vietnam states: 'In socialist revolution, on the one hand, great efforts should be made to build new economic bases and forces for the country, and on the other hand great importance should be attached to transforming and making good use of the existing

economic bases and forces through appropriate forms and steps. But we have not yet clearly and consistently determined the viewpoints, undertakings and policies guiding the work of socialist transformation. There have been manifestations of hastiness: we wanted to do away at once with non-socialist economic sectors, to rapidly turn the private capitalist economic sector into a State-run sector’.

Continuing, ‘In our perception as well as action, we have not really recognised the fact that the multi-sector economic structure in our country will still continue to exist for a relatively long period. We have not yet grasped and correctly applied the law of correspondence of production relations to the character and level of development of productive forces.

‘Proceeding from the evaluation of such potentialities, scattered yet very important, at the disposal of the people as labour force, technology, capital, ability to create jobs, we hold that, together with developing the public and collective economic sectors, promoting the State’s centralised source of accumulation and drawing capital from abroad, there should be *policies for using and transforming other economic sectors properly*.

‘The other economic sectors are small commodity production economy (handicraftsmen, individual farmers and people engaged in private business and services); private capitalist economy; State-capitalist economy in various forms, with joint State-private ventures as a high form, natural and subsistence economy of some ethnic minorities on the Central highlands and on other mountain regions.

‘Over the past ten years, the resolutions of two National Congresses of the Party have recorded the task of basically completing the socialist transformation within the term of each Congress, yet this task has not yet been accomplished. Reality has taught us a bitter lesson, i.e., we should not be so impatient that we go counter to the objective laws. Now we must set it right as follows: It is a permanent and continuous task throughout the period of transition to socialism to step up socialist transformation in appropriate forms and steps, making the production relations tally with the character and level of development of productive forces and always be a driving force for the development of productive forces.

‘In the years to come, to carry out socialist transformation steadily and bring into full play the positive effect of the multi-sector economic structure, the most important thing is to strengthen and develop the socialist economy, first of all, to enable the State sector to really play the leading role and control the others.

‘The State applies economic policies (such as those concerning investment, taxation, credit, etc.) favouring the socialist economic sector; however as far as law is concerned, the principle of equality must be observed.

‘The correct application of the principle of “distribution according to work” calls for a radical reform of the wage system in such a way as to ensure the reproduction of labour, to do away with egalitarianism, step by step abolish the remaining subsidised part in the wage system, apply the forms of remuneration closely linked to the results of labour and economic efficiency’.

In its 7th Congress Report it states, ‘In order to develop the enormous potential of a mixed economy, it is imperative to continue with the *abolition of the system based on bureaucratic centralism and State subsidies, with a shift to a market system under State management* by means of laws . . . The state has a very important role to play in establishing macroeconomic controls, regulating market, preventing and tackling adverse occurrences, creating a normal environment and conditions for production-business activities, ensuring accommodation of economic growth with social justice and social progress.

‘A developed market economy calls for continued efforts to overcome the state of localisation, lack of integration and isolation . . . To expand, diversify and multilateralise foreign economic relations on the principles of firm maintenance of our independence and sovereignty, of equality and mutual benefit, to attract external resources with a view to vigorously developing our national potential and resources.

‘While we assert the necessity of renovation, especially in economy, we should also see the other side of this task. To change a basically localised and self-sufficient economy based on bureaucratic centralism and State subsidies into a mixed commodity economy operating according to a market system under State management is an absolutely correct and necessary option with a view to releasing and developing the productive potentialities of society. But it would be a mistake to assume that the market economy is a panacea. While being a stimulus to the development of production, the market economy also provides an environment for many social ills to emerge and flourish’.

In the 11th Congress held in January 2011, the party Report reviewed the achievements and experiences of the 25-year renewal process (1986-2011) and stated that they ‘have created a more secure position and great strength for the country’. It further says, ‘The economy has yet developed sustainably with low quality, efficiency and competitiveness, slow economic restructuring towards industrialisation and modernisation, an irrational distribution system and increasing gap between the rich and the poor. Weaknesses and shortcomings remain in education, training, science, technology, socio-culture and environmental protection; bureaucracy, corruption, waste, crime, social evils, moral and lifestyle degradation have still not been prevented. Economic institutions, human resource quality and infrastructure are still weak that need to be addressed’.

The share of state enterprises in Vietnam’s economy amount about to 40 per cent of its GDP.

Talking about the transition period, the report states, ‘Advancing from capitalism to socialism through a transitional period is an objective necessity, and the length of this period depends on the economic, political and social conditions of each country . . . This is a period of profound, comprehensive and thoroughgoing revolutionary transformation aimed at building from the beginning a new social system in terms of productive forces, production relations as well as superstructure. This is a period of complicated class struggle between the two roads, socialist and capitalist, in all spheres of social life, in order to solve the “which-will-win” problem.’

[29] Paragraph 6.28: In a recent speech Raul Castro says, ‘Today, more than ever, the economic battle is the main task and the focus of the ideological work of the cadres, because the sustainability and preservation of our social system depends on that’.

The report of the 6th Congress of the Cuban Communist Party, held in January 2011, states that the economic policy guidelines submitted ‘requires an assessment of the existing economic conditions and the issues to be addressed, with regard paid to the main events and circumstances both internationally and nationally, since the date of the last Congress. Around the world, the international context has been characterized by a structural and systemic crisis that simultaneously combines economic, financial, environmental, energy and food crises, with their strongest impact on the undeveloped countries. Cuba operates an open economy that relies on foreign economic relations. As such, this country has not been spared from the lash this crisis, the effects of which are found in the instability of the prices for Cuban exports, the demand for the Cuban exports of goods and services, and greater restrictions to access foreign credit. Between 1997 and 2009, as a result of the ebbs and flows in its export and import prices, Cuba incurred in a net loss of 10.9 billion dollars, as compared to 1997. On average, the purchasing power of Cuban exports of goods declined by 15 per cent.

‘These principles should be harmonised with a greater autonomy on the part of state-run enterprises and the development of other forms of management. In addition to socialist state-run enterprises, which will be the main national economic structure, the Cuban model will also recognise and promote other modalities; namely, foreign investments, cooperatives, small farming, usufruct, franchisement, self-employment and other forms that may emerge and contribute to increased labour efficiency . . . The recommended economic policy is guided by the principle that socialism is about equal rights and opportunities for all citizens, rather than egalitarianism – Work is a right and a duty, as well as a source of motivation for every citizen’s self-accomplishment, and must be remunerated in accordance to its quantity and quality . . . Make sure that the foreign capital so attracted satisfies a host of objectives, including access to advanced technology, the transfer of management skills, a diversification and expansion of export markets, an import substitution, the supply of medium and long term financing for the construction of a production project and/or the provision of working capital for its operation, and the generation of new employment’.

[30] Paragraph 6.29: The plan set a strategic goal for economic development. It puts the main emphasis on building infrastructure and developing agriculture and basic industries including electric power, coal, oil and metal industries and regional development. Setting up this 10-year plan is to help find breakthroughs for the North Korean economy through foreign investments. It recently unveiled a new ‘joint economic zone’ with China on two border islands in the Yalu river – a project meant to underscore a new direction for the North Korean economy, and to jumpstart the new development campaign. DPRK and China agreed to develop ‘two economic zones in the DPRK’ which will be ‘government-guided, enterprise-based and market-oriented’. It has also decided to establish a ‘free-trade area and a tax-free zone’ as part of the first ‘special economic zone’. The government of North Korea also promised to ‘guarantee the investment of the foreign investors by not nationalizing or demanding requisitions. For inevitable cases where such demands occur, proper compensation will be provided’. The income tax for foreign investments is ‘11 per cent lower than other areas in North Korea. For companies with business plans over ten years, foreign capital companies will receive three years of tax-free benefit starting from the profit earning year and two years thereon after will receive 50 per cent tax-free benefits’.

[31] Paragraph 7.5: Venezuela Economic and Social Indicators

Category	Year	per cent or other measure	Year	per cent or other Measure
Poverty (individuals)	1998	52 %	2008	31.5 %
Extreme Poverty	1998	20.1 %	2008	9.5 %
Gini Index(measure of inequality, 0=total equality; 1=total inequality)	1998	.48	2008	.41
Infant Mortality/100,000	1998	21.4	2006	14
Nutrition related Deaths/100,000	1998	4.9	2007	2.3
Access to Clean Water	1998	80 %	2007	92 %
Access to Sanitation	1998	62 %	2007	82 %
Social Security, per cent of Population	1998	1.7 %	2008	4.4 %
Unemployment rate	1998	11.3 %	2008	7.8 %

Note: The end year is the last year where data was available, in most cases 2007 or 2008.

However, today the economy of Venezuela is still a capitalist-dominated economy, although definitely not a neo-liberal one. There are three different types of production and social relations: the private, state and social economy sector. The largest is the private sector, meaning that it is primarily organized with the goal of maximizing profits and that the capital – money structures, equipment and inventory – are privately owned. This capitalist sector comprises about 2/3 of the economy. It is integrally linked with transnational capital either through imports of their consumer and capital goods and/or with transnational corporations having subsidiaries in Venezuela.

The second major sector is the State sector – enterprises that are owned by the state and whose employees are public employees. This public sector includes PDVSA, the huge state-owned oil company. Although much of the revenues of PDVSA now goes directly or indirectly to fund health and education programs, to build housing and infrastructure, it is run in a top down and hierarchical manner with large wage and salary differences among its employees. Wages are also much higher than the national average. There is little worker self-management in most of the state sector. This sector produces about 30 per cent of Venezuela's output, having not grown from its share in 1998.

The third sector is the social economy. This includes what are often called socialist enterprises such as farms that are publicly owned and self-managed. This sector includes cooperatives and firms that are jointly run and owned by the workers and the state. This social economy is only about 2 per cent of the economy.

[32] Paragraph 7.6: The Bolivarian Alternative for the Americas (ALBA) is based, fundamentally, upon a model of political, economic and social integration of the Caribbean and Latin American countries. ALBA is primarily intended to correct the economic and political disparities and disadvantages of the underdeveloped countries of the region vis-a-vis the developed countries.

The governing principles of the ALBA are:

1. Neo-liberal integration prioritises the liberalisation of commerce and investments; ALBA is a proposal that focuses its attention on the fight against the poverty and

- the social exclusion.
2. In the proposal of ALBA a crucial importance is accorded to the human rights, labour rights, women's rights, and to the defence of the atmosphere and physical integration.
 3. In ALBA, in the fight against the protectionist policies and the ruinous subsidies of the industrialised countries the right of the poor countries to protect its farmers and agricultural producers cannot be denied.
 4. For the poor countries, where agricultural activity is fundamental, the lives of millions of farmers and natives would be irreversibly affected if imported agricultural goods flood the domestic markets, more so in the countries in which subsidy does not exist.
 5. In those countries where agricultural production is much more than the industrial production, it is the base to preserve cultural options, is a form of occupation of the territory, it defines the modalities of relation with nature and has directly to do with the security and nourishing self-sufficiency. In these countries agriculture is, rather, a way of life and it cannot be treated like any other economic activity.
 6. ALBA must attack the obstacles for integration from its root, that is to say:
 - a. Poverty of most of the population;
 - b. Deep inequalities and asymmetries between countries;
 - c. Unequal interchange and conditions of international relations;
 - d. The weight of an 'impossible to pay' debt;
 - e. The imposition of the policies of structural adjustment of the IMF and the WB and the rigid rules of the WTO that undermines the bases of social and political support;
 - f. Obstacles to access information, knowledge and technology due to present agreements on intellectual property rights; and,
 - g. To pay attention to the problems that affect the consolidation of a true democracy, such as the monopolised social mass media.
 7. To stand up against the call for 'reforms' of the State that only took us to unfair processes of deregulation, privatisation and dis-assembling of the capacities of public governance.
 8. As an answer to the brutal dissolution that the State suffered for more than one decade of neo-liberal hegemony, the fortification of the State and governments, on the basis of the participation of the citizen in public matters, prevails now.
 9. It is necessary to question the vindication of the free market and commerce, as if only these concepts were enough to automatically guarantee the advance towards greater levels of growth and collective well-being.
 10. Without a clear intervention of the State directed to reduce the disparities between countries, free competition between unequal countries will affect the weakest countries the worst.
 11. To deepen Latin American integration requires an economic agenda defined by the sovereign States, outside all ominous influence of the international organisations.

The Organisational Secretary of the Bolivarian People's Congress said: 'ALBA must be a political tool for liberation. Like any other tool, it must be efficient and flexible in the face of changing circumstances. Why do we mention this? We believe that ALBA will have to act as a retaining wall against the new tactics that imperialism will use to dominate us. For example, we have seen how many "little FTAA's" appeared once the

attempt to impose the FTAA failed, indirectly forcing the region to accept this commercial proposition.

‘The United States government hopes to take advantage of the slightest weakness shown by Latin Americans and Caribbeans. If they sense dissension, they will try to put us against each other to later defeat us.

‘We, the peoples of the ALBA, the peoples of the Americas, supported by our progressive governments and popular organizations, will refuse to accept the new colonialist imposition – one or many “little FTAA’s”. On the contrary, they will be faced with our ALBA and “little ALBA’s”. Every one of the agreements signed within the framework of the ALBA will be like a solid brick that will help construct a Confederation of Latin American and Caribbean Republics. This is the current responsibility of the popular forces of integration.’

[33] Paragraph 7.7: In this context it is necessary to pay heed to Lenin’s warning in *Imperialism the Highest Stage of Capitalism* of underplaying the political aspect of imperialism i.e., keeping ‘politics in command’. It must be kept in mind that this pamphlet was written during the times of repression. So the political thrust had to be camouflaged to escape Czarist authorities whose capacities to discern such subtleties Lenin always held in contempt, which in this instance proved correct.

[34] Paragraph 7.9: In South Africa, the economic policies pursued were characterised by rapid opening up and liberalisation through drastic tariff reductions and the dropping of exchange controls. Impressing foreign investors became more important than developing a national industrial policy. In spite of terming the economic policies as Growth, Employment and Redistribution (GEAR) strategy, formal employment continued to decline and the country’s wealth remained unevenly distributed along racial lines. Although economic growth has improved, GEAR, with its focus on stringent monetary and fiscal targets, failed in the goal of growth based on job creation, meeting people’s needs, poverty reduction and a more equitable distribution of wealth.

Market, rather than popular mobilisation and engagement, became the new motive forces of change. It was believed that the ‘invisible hand of millions of willing-sellers and willing-buyers’ would drive change. The SACP calls these disastrous economic policies that fundamentally differ from the ‘freedom charter’ as the ‘1996 Project’. They have termed this as a result of ‘class alliance between sections of global and domestic capital, a certain cadre in the state, together with the emergent sections of the black bourgeoisie’. A new technocratic elite that ‘managed’ the capitalist economy, rather than grass-roots activists, became the new leading cadre of the ANC. And the key alliance, was no longer the Tripartite (ANC, SACP COSATU), but the compact between established white capital and an emerging, ANC-aligned black capitalist stratum. This project was highly dependent on the control of the ANC and the state in order to achieve its objectives. To achieve its aim, the 1996 project had also sought to marginalise allies, and often the ANC itself, from key strategic policy decisions by government. This was an attempt by the capitalist class to stamp their authority on the post-colonial state and pursue policies suited to their interest.

To carry out this project substantial changes are necessary in the functioning of the government and the ANC. It required an aloof, behind-close-doors style as opposed to the

democratic traditions of the ANC. ANC has to be converted into a 'ruling party' from a broad platform providing space to all the sections committed to the 'freedom charter'. So also is the need to blunt its capacity to mobilise and conduct movements on people's causes. All this led to the demobilisation of the ANC, a dysfunctional Alliance, serious divisions within organisations and a movement enmeshed in corruption, scandals and factionalism based not on ideology, but on spats over tenders and deals.

This project pursued by a section of the leadership of ANC and the government created discontent among the people and the members of ANC not to speak about its trusted allies – SACP and COSATU. They began to register their dissent and resist these attempts that were regarded as a blow to the National Democratic Revolution (NDR). The working class took its ideological and mass offensive to where it mattered most, in the local and mass structures of the alliance, while not abandoning its independence and its own campaigns. All these resulted in the 'eruption' of dissatisfaction at the ANC's 2005 National General Council, and subsequently in its Congress in Polokwane. Polokwane marked a significant revolt by the ANC grassroots membership against the 1996 class project.

In December 2007 the African National Congress (ANC) had their 52nd Conference – the Polokwane Conference where the incumbent president Thabo Mbeki was defeated in their organisational polls by Jacob Zuma. This Conference was in many ways truly historic. Apart from demonstrating the best of the ANC's democratic traditions in practice, it was also marked by a radical change in its leadership and adopted many progressive policies recommended by its mid-2007 policy conference. Polokwane marked the severe dislodging, albeit not total defeat, of the 1996 project inside the ANC. It also marks another failed attempt of the capitalist class to break the alliance between the ANC, SACP and COSATU and wean away ANC from the path of NDR and the promises made in the 'freedom charter'. In fact it has been commented that the ANC needed a Polokwane to consolidate and deepen a radical national democratic revolution.

[35] Paragraph 10.10: Lenin, speaking in the Second Congress of the Communist International, stated, 'It has been claimed here that it is a waste of time to participate in the parliamentary struggle. Can one conceive of any other institution in which all classes are as interested as they are in parliament? This cannot be created artificially. If all classes are drawn into the parliamentary struggle, it is because the class interests and conflicts are reflected in parliament. If it were possible everywhere and immediately to bring about, let us say, a decisive general strike so as to overthrow capitalism at a single stroke, the revolution would have already taken place in a number of countries. But we must reckon with the facts, and parliament is a scene of the class struggle.' (*Collected Works*; Vol. 31)

As long as we are unable to disband the bourgeois parliament, we must work against it both from without and within. As long as a more or less appreciable number of working people (not only proletarians, but also semi-proletarians and small peasants) still have confidence in the bourgeois-democratic instruments employed by the bourgeoisie for duping the workers, we must expose that deception from the very platform which the backward sections of the workers, particularly of the non-proletarian working people, consider most important, and authoritative. (Vol. 31, pp. 268-269)

However, Lenin both warns and emphasises:

‘The party of revolutionary proletariat must take part in bourgeois parliaments in order to enlighten the masses; this can be done during elections and in the struggle between parties in parliament. But limiting the class struggle to the parliamentary struggle, or regarding the latter as the highest and decisive form, to which all the other forms of struggle are subordinate, is actually desertion to the side of the bourgeoisie against the proletariat.’ (Vol. 30, p. 272)

‘Parliamentarism is of course “politically obsolete” to the Communists in Germany; but – and that is the whole point – we must not regard what is obsolete to us as something obsolete to a class, to the masses. Here again we find that the “Lefts” do not know how to reason, do not know how to act as the party of a class, as the party of the masses. You must not sink to the level of the masses, to the level of the backward strata of the class. That is incontestable. You must tell them the bitter truth. You are duty bound to call their bourgeois-democratic and parliamentary prejudices what they are – prejudices. But at the same time you must soberly follow the actual state of the class-consciousness and preparedness of the entire class (not only of its communist vanguard), and of all the working people (not only of their advanced elements).’ (Vol. 31, pp. 58-59)

[36] Paragraph 10.11: Recollect Lenin in this context: ‘The irresistible attraction of this theory, which draws to itself the socialists of all countries lies precisely in the fact that it combines the quality of being strictly and supremely scientific (being the last word in social science) with that of being revolutionary, it does not combine them accidentally and not only because the founder of the doctrine combined in his own person the qualities of a scientist and a revolutionary, but does so intrinsically and inseparably’.

[37] Paragraph 10.16: Eric Hobsbawm, in his book *New Century*, states: ‘National myths do not arise spontaneously from people’s actual experiences. They are something which people acquire from someone else, from books, from historians, from films, and now from people who make television. They are not generally part of the historical memory or a living tradition, with the exception of some special cases in which what was eventually to become a national myth was a product of religion. There is the case of the Jews, in whom the idea of expulsion from the land of Israel and the certain return to it is part of the religious practice and literature, within certain limitations, this is also true of the Serbs, because the loss of the Serbian state in the Middle Ages became part of Orthodox religious services and nearly all the Serbian princes became symbols of the Orthodox faith. A special case. But here again, *it is not a question of the people constantly remembering: they remember because someone is constantly reminding them*’. (Emphasis added.)

[38] Paragraph 10.20: The CPI(M) has been cognizant of such efforts to disrupt the unity of the exploited classes in Indian conditions. These were noted in the reports adopted by successive Party Congresses particularly with reference to the rise in the aspirations of tribal identity for the protection of their rights and autonomous councils since the 14th Congress. The Political-Organisational Report adopted by the 15th Congress had, in a separate section *Attitude to Movements for Separate Identity* elaborated our stand on these and all other divisive efforts made by reactionary forces to use caste, regional and ethnic identities to divide the unity of the toilers.

The 15th Congress Political-Organisational Report says: ‘One aspect of this phenomenon is the growing consciousness and urge of the dalit and backward classes to shake off social oppression and to assert their rights in a caste-ridden society. The slogan of social justice exercises a strong appeal and has been successful in mobilising large sections of dalits and downtrodden sections in the rural areas. Whether it is the question of upper caste oppression or the demand for reservation of jobs, these sections are coming forward to challenge the old order. This awakening has a democratic content reflecting the aspirations of the most oppressed sections of society.

‘At the same time a purely caste appeal which seeks to perpetuate caste divisions for the narrow aim of consolidating vote banks and detaching these downtrodden sections from the common democratic movement is also at work. Many caste leaders seek to utilise the polarisation on caste lines for narrow electoral gains and are hostile to building up the common movement of the oppressed sections of all castes.’

Thus, ‘Our Party has to demarcate and oppose such casteist politics while championing the unity of all sections of the oppressed people whichever caste or community they belong to. While taking the lead in opposing caste atrocities and social oppression, for the communists the slogan of social justice cannot be narrowed to reservations and mobilising votes. It has to have the class content of land reforms, wages for agricultural workers and the fight against socio-economic oppression based on the power of landlordism.’ This understanding remains true of all other such identities, of course, by taking into account the specificities of each.

[39] Paragraph 10.25: Stalin, after a rigorous Marxist treatment of the nationality question, defines that: ‘A nation is a historically constituted, stable community of people, formed on the basis of a common language, territory, economic life and psychological make-up manifested in a common culture.’ The reactionary forces always utilize this element of nationality, i.e., the ‘psychological make up manifested in a common culture’ to whip up passions and mount a movement to bolster their class rule.’ Stalin says: ‘The bourgeoisie of the oppressed nation, repressed on every hand, (by the reactionary forces belonging to a different, say, ethnic origin or any other “identity”) is naturally stirred into movement. It appeals to its “native folk” and begins to shout about the “fatherland,” claiming that its own cause is the cause of the nation as a whole. It recruits itself an army from among its “countrymen” in the interests of . . . the “fatherland.” Nor do the “folk” always remain unresponsive to its appeals; they rally around its banner: the repression from above affects them too and provokes their discontent. Thus the national movement begins.’

Stalin further says: ‘Whether the proletariat rallies to the banner of bourgeois nationalism depends on the degree of development of class antagonisms, on the class consciousness and degree of organisation of the proletariat. The class conscious proletariat has its own tried banner, and has no need to rally to the banner of the bourgeoisie.’
