DEFEAT GOVERNMENT-MONOPOLIST OFFENSIVE WITH UNITED STRUGGLES

By
S. A. DANGE

AITUC PUBLICATION

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NOTE TO READER

This is the text of General Secretary's Report to the General Council of the All-India Trade Union Congress held on 30-31 August 1972 in New Delhi.

Six appendixes give statistical and other information which will be useful for understanding the report and campaigning on its basis.

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We have called this meeting of the General Council in order to take special note of the new situation that has arisen in the economic field and the serious effects it is already having on the life of the people as a whole including the working class.

What is the special new feature of the situation that was not there before when we met last time? It is the *most unprecedented rise in prices* of almost all commodities required by the common man. The prices of food, cloth, sugar, edible oils, vegetables, etc. have all risen in the last two or three months at a rate which was not seen before in our economy.

Even bourgeois journals note that "the price level today is 7.1 per cent above its level a year ago. This is in contrast to the price-rise of only 2 per cent in the preceding twelve months" (*Commerce*, 15 July 1972). The real dimensions of the rise become apparent when you measure them commoditywise rather than in the aggregate.

No one today requires statistical proof to show that the rise is unprecedented. Prices in India have been rising every year and at first the spurt in May-June this year was not taken seriously. In fact, it was sought to be altogether denied or played down in Parliament from the government benches. But when the prices shot up in July and commodities literally vanished from the market and became unavailable even at high prices, the seriousness of the situation was somewhat admitted by the government.

Instead of taking immediate steps to remedy the situation, the government began to explain away the price-rise by referring to various factors which made the rise look unavoidable and natural like an inevitable fate.

Government's Reasons

Let us first see the various reasons given by the government spokesmen or the bourgeois theoreticians and their press for this rise.

The first argument is that *prices are bound to rise in a developing economy* as more money is sunk in *heavy industry* and less in *consumer goods industry,* including agriculture.

Even if this were held to be true as a general proposition, it is *not* allowed to operate that way in a *developing socialist economy* where due to industrialisation, shortages of consumer goods are felt for some time. But there, due to socialist planning, price-control and state-regulated distribution under democratic control the available supplies reach everybody. It is only under the *capitalist system* that the needs of a developing economy of a newly-liberated country like ours are allowed to be used by the capitalists to build their private fortunes, to build huge monopolies, to fleece the people by their high prices and control over production and the market.

So the proposition that for developing a backward economy the people must pay through high prices and shortages is false. *It tries to shield the monopolists from the wrath of the people, who are prepared to suffer for the sake of national development but not for the sake of a handful of the rich.*

The second argument given is that because of the poverty and needs of development, more money than goods is created. Hence inflation takes place, which leads to rise in prices. To this, the answer is the same as for the first argument—that under strict democratic control and state distribution prices can be held. Secondly, money supply that has been going on is far in excess of the needs of the economy. Far more money is pumped into the private capitalist sector, in the commercial market or to satisfy the borrowings of the capitalist sector, than is strictly needed for purposes of production and trade. This excessive supply of money enables the big producers and sellers to hoard commodities, create scarcity, control markets and raise prices to rob the people. The big finance houses, the bankers and the government—all act in collusion with each other to bring this about. There is enough evidence on record to prove the truth of this statement. Even orthodox theoreticians of capitalism admit this kind of behaviour on the part of monopolists, bankers (even nationalised) and their government patrons.

So inflation is a deliberate policy of the superprofit hunters of the capitalist system and the government of India is a conscious party to it (See Appendix B).

The third argument is that inflation this year is due to deficit financing necessitated by the Indo-Pak war and the expenses on the Bangladesh refugees.

Since the people supported the war, Bangladesh and the refugees, they cannot complain about the deficit financing and hence price-rise.

This plea also is not true. The expenses on the refugees and the war are reckoned to be in the neighbourhood of Rs 700 crores or even less. But government borrowings went up beyond Rs 1200 crores. So it is highly unfair to blame the price-rise on the war and Bangladesh and thus try to hide the sins of the government and the profit-mongers.

Having exhausted these diversionary arguments, the government wants to blame the price-spurt on drought and shortage in supplies.

Though the rains were a little late in coming, the results are yet to be seen in the next harvest. They are no argument to explain the *present rise in prices,* unless you admit that the present stocks are being hoarded in anticipation of the coming famine. But this argument is contradicted by government itself, which has pointed out that they have enough stocks of food in their own godowns to meet all needs. Then where is the argument of shortage of supplies—except that what government has in stock is not being sent out and reaching to the people? Why is it so? Because the government bureaucrats and the hoarders *together* want to reap profits out of *artificial scarcity.*

There can be no question of *scarcity in sugar,* because enough stocks are on hand, despite the fall in production engineered by the millowners. Then why are the prices soaring? Because the sugar-millowners are allowed to charge any price they like on the 40 per cent of the production they retain free of control and the rest 60 per cent, though it is said to be under control, is channelled through these very blackmarketeers. *So in spite of stocks and supplies, people are charged high prices and deprived.*

The same is the case with *cloth.* Its production as a whole is up. But that part which is consumed by the poor is down and that part consumed by the rich is growing fast. And thus the prices are high and supplies short, in spite of rising production, that is production for the rich and restriction for the poor. Who is responsible for this if not the government, the big textile monopoly houses and their fraudulent dealings? Why can the government not stop it, if it is not their partner or collaborator?

Pressure of the Monopolies

Thus neither shortage nor inflation, nor war nor the needs of a developing economy are the real cause behind the continually rising prices and especially the unprecedented spurt in the last three months. Then what is it due to?

The continuous price-rise and its latest phase, i.e. the unprecedented spurt, despite the absence of shortfalls in supplies or famine in the most important consumer goods is a *deliberate manoeuvre of monopoly capital* with its control over major areas of industrial production, distribution, finance and the market, with its powerful agents in the bureaucracy and its links in the ministerial circles, *to* *change the direction of governmental policies once more in the direction of unrestricted monopoly development and undo all the gains that the democratic masses had achieved in the* 1967-72 *five-year period of struggles, crises and upheavals.*

The monopolists once again want unlimited power to expand, since production is stagnating and the nonmonopoly sector, as they say, has no means to take the economy forward.

And what are their prerequisites for production-expansion?

One: *Call a halt to nationalisation* of such vital areas of monopoly capital like iron & steel, coal, oil, chemicals, pharmaceuticals, etc.
Exception: The state can take over the *bankrupt* ones, repair and refeed them, to return to private capital, if you feel so (viz textile mills, Braithwaite, Jessops, etc.).

Two: Allow monopoly capital *to enter in any field it can* or expand in the fields it already occupies.

Three: The state should give *liberal finance* to monopoly capital to expand further and call them *joint ventures.*

Four: Allow monopoly capital to enter into ownership of state sector which is already profitable. In short begin partial denationalisation of the state sector, especially of profitable areas.

Five: *No price controls.*

Six: *Freeze wages* to expand capital is an axiomatic law. Put a moratorium on wages and strikes.

Seven: Enforce this by law and recognise only such unions as observe this line, i.e. restore and support the power of the stooge unions, which had lost heavily in this period.

This in essence is the Charter of Demands submitted by the monopoly capital to the government of India. And in order to enforce their demands and make the government leadership panic into agreeing to them, the whole crisis of artificial shortages, rise in prices, dislocation of supplies, closure of factories under false pretexts, panic on the markets, etc. are being organised. Where legitimate rise in wages and bonuses are due, deliberate obstinacy on the part of monopoly groups is organised to provoke strike struggles. And high-placed government leaders and even a person like Indira Gandhi are led into believing that a moratorium on strikes and wages is the only solution to rise in prices.

Struggle for Progressive Policies

The government is on the way to accept the demands of monopoly in toto and their leadership has already called for a moratorium on wages and strikes.

People are wondering how Indira Gandhi in whom they reposed so much faith could allow such a rise in prices, such hoarding, such short supplies, in spite of stocks and good production. People are wondering why a Prime Minister who was so stern towards the US imperialists could be so soft to the monopoly capitalists in India, how a Prime Minister who talked of socialism and *garibi hatao* fail to introduce a widespread distribution system at cheap prices to those very garibs and how she could agree to suppress wage demands and strike struggles of workers who are not idlers but producers of wealth. Does it mean that the poor capitalists are really losing and must be saved by our agreeing to freeze wages, as she says? Or is it that while the masses and the national economy are pushed into poverty and losses, the monopolists are growing richer and powerful and are launching an offensive to recover the ground they lost in the period of 1967-72? A few words of reminder of the past are necessary on this point.

It was after the Indo-Pak war of 1965, that monopoly capital utilised that war, its aftermath in economy and policies to unhinge the independent development of Indian economy and its anti-imperialist role and channel it into dependence on the imperialist bloc, particularly the USA and the World Bank, despite the Tashkent Treaty and the help of the socialist countries. The first shot in the field of economy in that direction was the acceptance of the World Bank advice to devalue the rupee by nearly 58 per cent, despite the fact that it was the US dollar that was losing and was being devalued in the world market (which finally came to pass two years ago). The immediate effect of this measure was an all-round rise in prices and a big fall in real wages. This was done on the advice of the friends of monopoly capital entrenched in the government of India.

At the meeting of the General Council of the AITUC in 1966 we denounced this as an *economic coup* by the reactionary forces and monopoly capital in our country.

The mass of people replied to this offensive by big struggles in industry and agriculture. As a result, the Congress lost power in 9 states in India in the 1967 elections. In a larger number of states power was taken over by the progressive left and democratic fronts and in some by the not-so-progressive. In the centre too the Congress majority became unsteady.

The progressive left and democratic fronts initially took some steps to defend the masses, as in West Bengal, Kerala, Bihar and some other places, particularly the worker-peasant masses. As a result, the capitalist-landlord forces counterattacked with economic sabotage.

At the same time, the forces of the left got divided due to the disruptive activities of the ultra-left and the ultra-right helped them. The defeated Congress-right also lent a hand, which put an end to the forward movement ushered in by the left and democratic fronts.

A section of the Congress under the leadership of Indira Gandhi saw the writing on the wall and risked a split in her own party, in which she won. The diehard, openly pro-monopoly, pro-US lobbies were defeated, in which measures like bank nationalisation by Indira Gandhi and its impact on the mass of the people played a big role. In short, the national bourgeoisie had split from the diehard, promonopoly, prolandlord, pro-US section. The rest is recent history and hardly requires a reminder.

Step by Step Surrender to Monopolies

But there was a serious shortcoming in this process. Though some measures of nationalisation were taken up, the *real core of monopoly capital remained intact. The government, being itself moored in bourgeois ideology despite its talk of socialism, was not prepared to take over all the monopolies at one stroke. That was the first failure.* They failed to see that monopoly has to be liquidated, it cannot be restricted by the mere tricks of the MRTP Act.

The second failure was that the state machinery was not cleaned up of all those civil service bosses whom we had inherited from the colonial regime and who still continued to follow their old ideology and policies as well as the policies of the newly-risen Indian monopoly capital. No doubt there were some elements among them who had new ideas of progress, but they were only exceptions. Thus the failure to change the state apparatus and democratise it deprived the masses and the country of the gains of nationalisation which, instead of being put in the service of independent development of national economy and democratic lines in the service of the workers, peasants and the middle classes and the patriotic national bourgeoisie, was geared more and more to the policies of monopoly capital. Even the tremendous help given by the socialist countries in building ever new and strategic lines of industry came to be sabotaged.

The third failure was that the new Congress in power failed to change itself into a new party with a revolutionary *make-up* and most of its leading elements stuck to the same old groove of bourgeois thinking and bourgeois aggrandisement. Their open face towards the masses wears the labels of Indira Gandhi and the slogans garibi hatao, while in reality they have slipped into the service of the capitalist and even the same old monopoly build up. As a result, the nationalised sector of economy has become a sector of national losses, which are converted at the other end into so much monopoly profits.

The *fourth failure* is that the *new Congress dominated by the ideology of the bourgeoisie could not allow the working class and the trade unions, even its own, to unite and intervene in the control and management of the nationalised sector or restrain the operations of monopoly capital.* Even the honest sections of the INTUC were not allowed to forge ahead with a new policy. And the ultra-left in the trade unions fully used the failures of the Congress to add to the disruption in the name of socalled instant revolution.

The *fifth failure* was that the giant and strategic plants and aid given by the Soviet Union and other socialist countries to enable India to overcome her lag in capital and save her from being mortgaged to imperialist capital, were allowed to be sabotaged and their production disrupted by the bureaucrats, agents of monopolies, Indian and foreign, and their friends in the ministerial circles, with the result that the expected surge forward in economy was frustrated.

Though trade with the stable socialist market has many a time saved Indian capital, in various trading branches, from serious crisis arising from the ups and downs of the imperialist countries' market, the reactionaries in India, including some in the ministerial circles, want more links with the capitalist countries than with the socialist. Trade with the West allows them to accumulate profits abroad and rob Indian economy with high prices charged by the

Western monopolies and the share that accrues to the Indian partners from this unholy partnership by over- and under-invoicing.

The inevitable result is that the grand scheme of nationalisation and state sector, instead of serving democracy and the people, is becoming a handmaid of monopoly capital.

Added to these failures of the ruling party, was the line of *sabotage of production adopted by monopoly capital.* One may ask why they should do this? Would it not hit their own profits?

The line they adopted was to keep production going only to the extent of realising their investments and profits. *They would not take steps to undertake renewal of used assets or expand the existing assets of technology on a growing scale, so as to launch the developing economy on a forward surge and help thereby the people to get more employment and the nation more output, and even for themselves more profits by additional production rather than by scarcity.*

A few statistical data on the above points are being attached as Appendix C.

Monopolies Fight for Reversal of Policies

In brief, the attack of monopoly capital both on political and economic fronts was launched in full force right from 1966 to 1969. But it was foiled on the political front and partly on the economic front by the events of 1967 to 1969 and the measures taken by Indira Gandhi Congress between 1969 and 1972.

But, while monopoly capital made a tactical retreat on the political front, it continued its sabotage of all attempts to carry out an upsurge in economy. Some successes were achieved on the *agrarian front* in increased production, but the hold of the capitalist-landlord elements in that sector and the hold of finance capital on the market prevented the masses reaping the full benefits of increased agricultural production.

As soon as the effects of the recent Indo-Pak war were pushed to the background, the questions of economic growth came to the front. They were given an urgency of an unprecedented character by the upsurge in prices and the discontent of the masses and the government failure to act in defence of the masses and against the monopoly-control of the market, prices, supplies and all related questions.

A section of the Congress leaders asked for more nationalisation (e.g. Congress President Sharma asking for textile nationalisation, others for sugar nationalisation, some for drugs nationalisation, etc.).

But quite an influential set of ministers and leaders want to call a halt to that line and a change over to accommodating the demands of monopoly capital. And it is just at this point that the FICCI and Tata memorandum was brought on the scene.

The contradictions within the national bourgeoisie on the economic front are now assuming a sharp form. The price-rise offensive of the monopoly finance has pushed it to a point of decision.

The only way to resolve the crisis is to go forward to the complete takeover of all the monopoly houses and the key areas of the economy. That is the only way to resolve the crisis in favour of the masses and democracy and launch an upsurge in the economy.

There is also the other way, i.e. the reactionary way, to resolve the crisis and that is to surrender to monopoly capital and its demand for a free hand to take over and manage the economy. Monopoly capital is prepared to allow the politics of the Congress Party to remain as it is for the present. *They have suspended their challenge on the political front for the present.* They want the control of the economy back as it was in the pre-1967 period. Let it be joint venture now and not a one-way venture as the masses want and they will call off their sabotage on the economic front and temporarily at least set production on the upper curve—but surely not for the masses but for their superprofits. *The question is: which line will win?*

That depends on the masses which are behind the Congress and also those which are behind the progressive parties and trade unions and other mass organisations, including the massive force of students and intellectuals.

The attack of the monopoly lobby is so strong that even the Prime Minister and President Giri have adopted the slogan of moratorium on wage-rise and strikes. But is there a freeze on prices and any opening of channels for supplies to the masses? None.

The tories of Britain and the USA also proposed the same slogans, shouting against rising wages and inflation. But even a political reactionary like George Meany of the AFL-CIO refused to accept wage-freeze, and the reformist leadership of the British TUC did the same. But our national leadership being more spiritual is bold enough to ask the workers to live on the spirit rather than on food, sugar and cloth, which require hard money and rising wages to meet rising prices.

The national leaderships of the government of India and the monopolists are never tired of talking of rising wages. For their benefit, it may be pointed out that the share of the worker in the increasing value which he produces is falling. A recent study of the *Reserve Bank of India Bulletin* (July 1972) has a note on this, which the trade unions may use in their argument with the government, though it does not measure the gains of the companies in terms of the basic concept of the value added by manufacture (VAM) (Appendix D).

In such a situation, what are the tasks of the trade unions and the AITUC?

All our trade unions must fight the arguments of the monopolists and their spokesmen in the governmental circles regarding the true causes of the crisis of prices. The ruling class wants to confuse the worker and distract his attention away from the main culprit, which is monopoly capital, its landlord allies and its allies in the governmental machinery and the state as a whole.

TASKS BEFORE TRADE UNIONS

(1) The trade unions must wage an *ideological battle* on the question of the economic and political policies of the government in relation to monopoly capital and production, both in industry and agriculture, which are the basic issues of the aggravating crisis.

(2) The trade unions must launch a campaign for a swift *takeover of all the monopolies* in industry, of all wholesale trade in the major commodities.

(3) We demand that the government establish a *state system of distribution* of *essential commodities* throughout the country at fair and fixed prices. The price-offensive is against the people and the growth of democracy, and as such it must be defeated.

(4) There should be no hesitation to launch *strike struggles* to fulfil the demands of the workers and the trade unions must not be misguided by calls of *moratorium* on wage-rise or bonus or DA or strikes if the reasonable demands are not met. We have to fulfil the most important task of raising the total wage level of the working class in the country, which now is ripe for fulfilment especially in the context of the universal rise of the profits of the monopolies or the VAM created by the working class in India.

(5) There should be no encouragement to leave the settlement of disputes to this or that person or body. As far as possible, settlements should be made directly between the TUs and the employers, i.e. bilaterally.

(6) The AITUC unions in the new situation must be

more alert and take the initiative to propose and launch struggles on their own. If we cannot launch on our own, we should make the proposals for struggle *publicly first* and then seek unity with others who are in the field. With those with whom we are already in alliance (viz HMS), we can discuss our proposals before launching struggles. While emphasising efforts for unity, it should not be allowed to delay action or allow others to steal a false march on us. We must be sensitive to workers' moods in this tense period, measure their preparedness properly and quickly, and act with responsibility and courage and boldness.

(7) As almost all TU centres belong to one or the other political party, a united front on the *TU platform* is likely to be used as a united front of a *political platform*. This must *not* be permitted. A centre of any political opinion can participate in the struggles but it should not put its political slogans in the joint meetings. If that is done, it should be contradicted without any fear of disruption by those who are contradicted. (To cite an example, the Bombay municipal strike and our support to it on the joint platform was done in a proper way.)

(8) All struggles should *draw the citizens as a whole* in their orbit, as a *rise in prices* is a common issue. This will lead to organisation of *bundhs* on city, industry or state levels, according to the level of discontent, consciousness and organisation.

(9) Though the AITUC is a partner in the National Council of Trade Unions with the INTUC and the HMS, it is no bar to our having alliance with the HMS, HMP, CITU, UTUC, BMS, etc. for particular actions and programmes on agreed lines and slogans if the INTUC refuses to widen common action with others or disagrees with us and the HMS on any crucial questions. The recent betrayal of the *cement strike* by the INTUC leader, his refusal even to consult with the other trade unions who were partners in the united general strike and the role that the Prime

Minister played on the advice of the Industries Minister in disrupting the strike and not properly meeting the demands of the workers shows the new trends of Congress policy in the TU and economic field.

The cement industry is a highly concentrated monopoly with a sheltered growing market and as such deserved no protection from government in the matter of the strikers' demands. But this area was deliberately chosen by the government as if to herald a new orientation. Hence the TUs also must reorganise their thinking and forces.

(10) We have to remember to differentiate between government's political approach and economic approach. While the AITUC gives due credit to the Prime Minister for her leadership in initiating anti-imperialist policies in the international arena as in relation to Vietnam or the liberation of Bangladesh or the rebuff to the USA or the Indo-Soviet Friendship Treaty or the Simla Agreement or her initial drive towards nationalisation, we cannot but disapprove the retreat that is being sounded in the matter of nationalisation of the monopolies, unbending control over prices and supplies and defence of the interests of the workers, the toiling peasantry and the middle-classes. The retreat will harm the nation and hence the TUs and the working class must take the lead in halting it. The monopolies have not yet won. The struggle is on. Hence if we struggle we can halt the slideback from progress and initiate new steps forward on the socialist path and away from the path of the monopolies.

APPENDIX A

PRICE-RISE INDEX

(1960-61 = 100)

Items	*During 1969-70*	*Last Saturday of the month* *29 April 1971*	*29 April 1972*	*Percentage change during April 71 and April 72*	*Percentage change during 1969-70 and April 72*
All foodgrains	214.4	199.9	221.5	+10.8	+ 3.3
Cereals	206.9	194	209.6	+ 8.3	+ 1.3
Rice	196.0	197	214	+ 8.6	+ 9.2
Pulses	248.1	227	275.3	+21.3	+11.0
Sugar & allied products, etc.	155.5	195	247.2	+26.8	+59.0
Gur	193.0	246	322	+30.9	+66.8
Fish, eggs & meat	203.5	217	254.2	+17.1	+24.9
Milk & milk products	199.8	222	232.3	+ 4.6	+16.3
Liquor & tobacco	188.2	183	217.4	+18.8	+15.5
Fuel, power, light & lubricants	160.1	162.3	177.7	+ 9.5	+11.1
All commodities	175.7	181.3	192.7	+ 6.3	+ 9.7

APPENDIX B

MONEY EXPANSION

The following observation of the *Economic Times* (7 June 1972) study on money expansion is worth noting:

"Save in 1960-61, the impact of the government sector on money supply has been expansionist during the Third

Five-Year Plan period and subsequent years. The net bank credit to the government—i.e. deficit financing—was generally at a high level in these years except in 1969-70. The increase in money supply on account of the budgetary deficit ranged from a low of Rs 28 crores in 1969-70 to a high of Rs 510 crores in 1970-71. In other years too bank credit to the government was substantial. This incidentally highlights the fact that fiscal deficits have been responsible for the big surge in money supply in recent years.

"However, data presented in Table II, suggest that the bank credit to private sector has also contributed to the monetary expansion. In fact, between 1960-61 and 1971-72, bank credit to the private commercial sector has expanded more than fourfold while that extended to the government has risen by about 160 per cent. This, coupled with the decline in the relative share of the currency component in aggregate monetary resources from 53 per cent to 39 per cent during this period, shows not only the spread of banking habit but also the emergence of bank credit to private sector as a major factor behind monetary expansion."

APPENDIX C

While the leadership of the government thunders against the workers and their strike struggles as being responsible for the ills of the industry and its alleged fall in production, let us see what the company *balance-sheets* show and what their journals say.

The *Economic Times* study on savings and investment of 1019 companies covering more than 75 per cent of capital investment says the following:

"For one thing, the study reveals that shortages of material equipment, etc. have not made much of an impact on financial performance. Not only has not capital formation been maintained, but during 1970-71, this has, in absolute terms, *increased.* The estimated gross savings have shot up from Rs 529 crores in 1969-70 to Rs 622 crores in 1970-71; on a net basis, there has been almost a phenomenal increase from Rs 174 crores to Rs 237 crores... Considering the fact that 1970-71 was not regarded as a highly favourable year for industry and when misgivings and other inhibiting factors were said to have retarded development, it is a pleasant surprise to observe that gross savings in the industrial sector grew by almost 18 per cent and net savings twice as much" (*Economic Times,* 13 June 1972).

The years 1969-70 and 1970-71 were years of big strike struggles. So it looks as if industry thrived financially more through strikes than otherwise.

But it is not only financial results that have to be noted. *What is the value added by the working class* and realised from its labour power by the bourgeoisie? The figures show the following:

Net value added to the corporate sector during 1960-61 to 1965-66 rose at an average annual rate of 9.5 per cent, i.e. from Rs 1512 crores to Rs 2228 crores. It rose at a higher rate of 10.4 per cent, i.e. from Rs 2228 crores to Rs 3154 crores during 1965-66 to 1969-70.

These facts taken from their own records show that the complaints of the gentlemen of the bourgeoisie against the working class are sheer falsehood.

Did the bourgeoisie utilise these huge gains to expand the industrial base of production? No. They hurriedly used the huge gains to return the borrowings for which there was no need, rather than invest in rapid extended reproduction. Hence the *Economic Times* (13 June 1972) observed:

"Repayment of loans, though reassuring, on the face of it has its own corollary. Industries have been able to liquidate their borrowings apparently because they did not have expansion programmes or *did not conceive of future developments,* which would need additional resources. Other case studies also show that industries have tended to liquidate their borrowings instead of going in for expansion or new capacity installation. *This phenomenon is unusual in a situation where there is a clamour for more investment, more employment and more production*" (emphasis added).

Then the journal asks pertinent questions: "Is this a new physical manifestation of subjective reactions to government policies? Or are industries merely rushing to liquidate their loans in order to avoid becoming a joint sector project or ward off any possible threat of conversion of loan into equity?"

Here is high finance capital controlling the industries "going on strike" and causing shortfalls in production, unemployment and poverty despite huge additional wealth or surplus value that the working class is made to surrender to them.

It is high time the political leadership of the government learnt a bit more economics before blaming us and the working class for the ills of the economy caused by the monopoly octopus.

APPENDIX D

MANUFACTURING & WAGE COSTS

"Another impression which is not corroborated by the present company finances data, relates to rising manufacturing and wage costs in recent years. As may be observed from Table 2, while manufacturing expenses as percentage of value of production (at current prices) of the *large* public limited companies have, by and large, remained the same at around 55 per cent during the six years 1965-

66 to 1970-71, the wage costs including employees' welfare expenses have declined albeit marginally from 14.0 per cent in 1965-66 to 13.2 per cent in 1970-71. There is no doubt that this was a period of rising manufacturing and wage costs in absolute terms as well as in relation to increases recorded during the past, but it seems that the manufacturing firms have been in a position to pass on the rising costs to the final consumers. On a preliminary reasoning, this is evident from the data in Table 3 wherein it is apparent that a preponderant part of the increase during the period in value of output of *large* as well as *medium* companies would have been contributed by increases in the prices of manufactures; the rate of increase in physical output was relatively moderate" (*Reserve Bank of India Bulletin,* July 1972).

(Though this study may also be used to suggest that the rise in prices was due to the manufacturer passing on the rise in wage cost to the consumer, it does not measure the results of the operations of these companies in terms of the value added by manufacture [VAM] and the share of the workers' wages in that value added by the worker and appropriated by the owner—SAD.)

APPENDIX E

A question may be put to those gentlemen who talk so much about production and national needs, whether they know what monopoly capital, which has acquired a dominant position, produced for the nation?

If they do not know here is a finding by a bourgeois journal:

"The pattern of investment over the last few years has become increasingly geared *to the production of heavy or luxury goods* resulting in serious misallocation of resources. Over 55 *per cent* of *capital formation* is taking place to support *consumption* and *half* of it to support *luxury consumption alone*" (*Economic Times*, 9 May 1972, "Stagnation in the Rate of Savings—Review").

APPENDIX F

The monopolists say they are not allowed to grow. Their rate of growth in the pre-1967 period you can find in the studies of the Department of Company Affairs (see our booklet *Growth of Indian Monopoly*).

As regards their growth even *after* Indira Gandhi and her ministry took charge, it was given in the Rajya Sabha on 22 August 1972 as follows:

(Figures in crores of rupees)

	1967	1968	1969
Tatas	505.36	584.63	638.50
Birlas	457.84	575.60	629.60
Martin Burn	153.06	174.29	176.20
Bangur	104.31	135.87	156.70
Thapar	98.80	124.88	139.90
Surajmal Nagarmal	95.62	107.41	115.70
Mafatlal	92.70	107.34	115.70
ACC	89.80	105.84	107.90
Walchand	81.11	103.30	103.90
Shri Ram	74.13	68.24	101.70