

# The Real Face of the August 15 'Independence'.

Once more August 15 is coming — the Thirty-fifth anniversary of the so-called Independence.

All the ruling class parties, both in power and opposition, regional and national, the revisionists and the neo-revisionists, all bourgeois papers will hail this day as the day of 'Independence' and deliverance from British imperialism.

But the experience of the last 35 years is amply proving that this is a total lie, that in the last 35 years, the exploitation of our country by the foreign imperialists has increased many times, that in the place of exploitation of British imperialism alone our country is now subjected to the exploitation of many other imperialist countries, that our country is today abjectively dependent on the two super powers — Soviet Union and the USA.

The truth is that even after the so-called Independence of August 15, foreign imperialism has continued to exploit our country unabated and it is becoming fiercer day by day.

## Methods of Foreign exploitation

Even after the "August 15 Independence", the foreign imperialist powers have continued to exploit our country through the following methods :

—By direct capital investment to build certain industries of their own.

—By establishing joint industries in collaboration with the big bourgeoisie of our country.

—By granting loans to the government of India, to the financial institutions established by the government and to the private big bourgeoisie.

—Through imports and exports.

—Through Banking.

—Through the sale of technology.

Let us look at the heinous features of foreign exploitation of our country and its intensification in the last 35 years.

## Ten-fold increase of foreign direct investments

When the British transferred power to the big bourgeois-big landlord Congress on August 15, 1947, the foreign direct investments in India amounted to about Rs. 300 crores, of which the British capital was the main.

Look at the growth of foreign direct investments in Indian industries since 1947.

### Foreign Investment in India

(In crores of rupees).

Country	1955	1960	1968
Great Britain	376.8	446.5	625.5
USA	39.8	112.2	422.3
West Germany	2.5	6.8	100.2
Japan and other countries	37.0	124.4	394.8
<b>Total</b>	<b>456.1</b>	<b>690.3</b>	<b>1542.8</b>

(From India Mortgaged—By comrade Nagireddy)

Look at the growth of the foreign direct investments after 1947. Not only that. It is from 1956 that Soviet Union has begun to enter India on a big scale with the Second Five-Year Plan. Look at the rapid growth of capital investments from Western Germany and more particularly from USA.

Here comrade Nagireddy could provide us with figures only upto 1968. By then the foreign direct investments were about Rs. 1,500 crores. But by 1980, the foreign direct investments have already reached about Rs. 3,000 crores. Compared with 1947, the foreign direct investments by 1980 are already ten times bigger. This only shows that foreign exploitation has increased ten times after our 'Independence'.

The type of investments of the foreign imperialists now taking place in India is also shifting, and shifting rapidly too, from the one that prevailed at the time of 1947. They are now investing not in plantations and in mining as they used to do before 1947, but mainly in petroleum and manufacturing industries. In 1968 itself, when the total investments were Rs. 1,542 crores, the share of investments in petrol and manufacturing industries has come to about 65% of the total investments in India.

### Exploitation through joint industries

The foreign imperialist international companies are having their subsidiaries and their branches working in India. They are registered in India for appearances, but actually they are foreign industries.

By 1966 itself the investment in Public and Private limited companies amounted to 26,895 crores. Of this, 252 companies, the bigger ones, have capital investment more than Rs. 5 crores each.

These 252 companies have capital of about 3,404 crores of rupees. Of this, 104 companies are either owned by foreign capital or controlled by them; Their capital comes to Rs. 1,829 crores, which is 58% of the capital of the bigger 252 companies. This shows the domination of foreign capital in our companies and the industries under their control. This only shows how it is foreign capital that dominates our manufacturing industries.

In addition to this, every year hundreds of joint industries are established in India by the foreign imperialists in collaboration with the big bourgeoisie of our country. In these joint industries, the imperialists are investing hundreds of crores of rupees as capital. Latest figures for these joint industries are not available, but they are already about 3,000. USA is dominating these joint industries.

In these joint industries, the foreign imperialists are exploiting our country through various methods :

—To hoodwink the people, the Indian government says that foreign imperialists control only 49% of the capital in these joint industries, whereas the Indian capital is 51%. But this is nothing but a deception.

Actually 49% of the capital belongs to one foreign company, whereas the 51% belongs to number of Indian collaborators, and the foreign collaborator can always get the required majority to control that joint industry.

It is the foreign company that supplies the machinery and the technology and the management, and this naturally gives the upper hand to the foreign company to dominate these joint industries.

Thus the truth of the joint industries is that, with 49% of capital, the foreign imperialists are able to dominate 51% of the Indian capital in these joint industries.

—The joint industries start with the agreement that the whole technology of that particular industry will be transferred to the Indian hands only after 15 or 20 years. Till then these joint industries are nothing but assembly plants, where all the parts are imported from the foreign imperialists, assembled in India and sold in India under the Indian Trade Mark. Thus one can see that under these joint industries our country becomes the market for the goods of the foreign imperialists.

—One more condition of these joint industries in the beginning itself is that the production from these joint industries should not be exported to those countries where the said foreign company is already trading.

One question arises : Why is it that foreign capital investments are so rapidly increasing through direct investments, their subsidiaries, and their joint industries ? For the simple fact, the foreign imperialists are able to utilise the cheap labour of our people and extract more profits in India than they can get in their own countries.

### Exploitation through imports and exports

The foreign imperialists subject our country to increased exploitation through imports and exports.

—They import into our country their capital goods and machinery and all kinds of luxury goods that the rich in our country want, and they export from our country all the raw materials that are necessary for their industries. Thus while we import more capital goods, machinery and luxury goods, we mostly export our agricultural raw materials.

Everybody knows that capital goods, industrial machinery and luxury goods cost more than our agricultural raw materials. Moreover, the rates at which foreign imperialists sell to India capital goods and luxury goods are usually higher than the international market rates, and the rates at which they purchase our agricultural materials are lesser than the international prices, because our country is a debtor country.

—Because our country is a debtor country, India is forced to import and export only through shipping companies belonging to the international companies which charge exorbitant prices.

—While importing and exporting, the international companies, with the help of the corrupt bureaucrats, always give wrong figures for their imports and exports to evade the import and export duties of the Indian government and through these fraudulent ways, the Indian government loses hundreds of crores of rupees every year.

Because of these measures, our exports are far less than our imports, running into hundreds of crores of rupees of debt each year, causing a crisis in the balance of payments to the disadvantage of our country. And this deficit in our imports and exports is increasing by leaps and bounds.

Look at the following figures :

#### Imports and Exports

(in crores of rupees)

Year	Imports	Exports
1977-78	6,000	5,404
1980-81	12,330	6,704
1981-82	13,500	7,500 (estimated)

(From India Today—July, 1982)

## Exploitation through loans

Because of the crisis of the balance of payments, the Indian govt. is forced to go for loans from foreign governments.

Starting as a creditor country with Rs. 1,600 crores Sterling balances in 1947, the country has now become a debtor country with a debt of foreign loans amounting to about Rs. 25,000 crores.

The country-wise loans to the foreign countries that India owes are as following :

### India's foreign debt

Country	Debt (In Crores of rupees).
USA	5701
Great Britain	2401
West Germany	1838
Japan	1099
World Bank	7272
Soviet Union	957
East European countries	263
Others	5227
<b>Total</b>	<b>24,758</b>

[From India Today, July 82]

Now year by year the repayment of loans and the yearly interests have become an unbearable burden on the Indian economy. For instance, in 1980-80 itself, the repayment of loans and interest amounted to about Rs. 762 crores, according to government figures.

In addition to these loans, India is borrowing large sums of money from the international private capital markets (apart from the above said government to government loans) where the interest on loans is 20%. Last year itself these commercial loans amounted to Rs. 1600 crores whose interest charges alone come to Rs. 320 crores per year.

One report says that debt servicing charges will reach about Rs. 2000 crores soon, which is equal to the total exports of our country in 1972-73. One must face the ugly fact that debt servicing is already eating away nearly half of our exports and the balance of payments has already reached about Rs. 6,000 crores.

Where has all this money — the total debt amount of Rs. 25,000 crores—gone ? Has it gone into any production purposes so that we can

pay back the loans ? That is what the government. claims. But this is nothing but utter nonsense.

Between 1951-52 and 1980-81, there were only two years (1972-73 and 1976-1977) when there was a balance of trade in India's favour. In all other years, for about 28 years, the deficit in balance of trade has been galloping. From Rs. 80 crores in 1953-54, it has galloped to Rs. 5,600 crores in 1980-81 and the total deficits have amounted to Rs. 14,100 crores. This means that 3/4 th of our foreign loans have gone to cover up the huge trade deficits.

Only the rest 1/4 th of our loans have gone into so-called constructive purposes. Let us remember that these loans are government-to-government loans, but they are tied loans. That is, the government has to spend these loans for projects which the creditor countries have agreed to pay, and naturally they are meant to intensify the exploitation of our country by the said imperialist power.

In addition to these government - to - government loans, the foreign imperialists are giving large sums of money as loans to the various financial institutions set up by the Indian government. Look at the following statistics upto 1967-68 :

Source	Loan amount to the financial bodies in Crores of rupees
World Bank	119.95
USA	231.25
West Germany	32.82
France	3.80
Japan	2.92
<b>Total</b>	<b>Rs. 390.74</b>

(From India Mortgaged : T.N.)

Unfortunately, the statistics for loans to our financial institutions from 1968 are not yet available. But the figures given here show the trend whereby the imperialists are increasingly controlling the policies of the financial institutions set up by the Indian government.

In addition to this, the foreign imperialists and their financial institutions are giving large sums of money directly to the private business-to the Indian big bourgeoisie. Look at the following statistics up to 1967-68.

Source	Amount (in crores of rupees)
World Bank	172.25
Export-Import Bank	79.78
DLF/Aid loans	83.55
Coolie loans	70.49
Canada	2.42
West Germany	1.36
Japan	43.50
Netherlands	5.94
<b>Total</b>	<b>459.49</b>

(From: India Mortgaged-T.N.)

Unfortunately the statistics of loans to the private business after 1968 are not available. We can only imagine from the fact that the loans from the imperialists have grown enormously within the last 20 years. It will be no surprise that the imperialist loans to the financial institutions and private business have doubled after 1968.

In addition to this, the imperialists are exploiting our country through their banking system and the sale of technology. The yearly drain from our country through the growing deficit in our imports and exports, their profits and the repayment of loans and interest is really dreadfully burdensome.

Look at the following figures :

Year	In crores of rupees			
	Deficit in imports and exports	Repatriation of Profits	Repayment of loans and interest	Total
1960-61	475.2	61.9	37.6	547.7
1965-66	566.7	134.3	74.4	775.4
1966-67	806.3	203.9	129.0	1,139.2
1968-69	373.1	239.7	159.6	772.4
1969-70	168.4	251.6	180.8	600.8

(From: India Mortgaged)

One can imagine the drain from our country today when the trade deficit has reached about Rs. 6,000 crores, profits on private foreign imperialist capital on about Rs. 3,000 crores, which cannot be less than about Rs. 450 crores even at 15% rate of profit and the repayment of loans and interests on government loans and loans to the financial institutions and private business.

What is the yearly drain from our country ? Roughly it is this :

Trade deficit for 1981-82 .....	Rs. 6,000 crores
Profits from private investments of Rs. 3,000 crores at the rate of 15%	Rs. 450 ..
Yearly repayment of loans and interest in 1980-81	Rs. 800 ..
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Total .....	Rs. 7,250 ..

One should remember that this amount does not include the repayment of loans and interests from the financial institutions and private business nor the money lost by wrong quotations in imports and exports. Let us remember that this burden is going to increase in the coming years. Can any economy sustain such huge drain of the wealth ? This drain is bound to increase in the coming years. The desperateness of the situation can be understood from the fact that during the last two years of Indian Gandhi's rule, the Indian government has contracted Rs. 3,000 crores of loans from the AID consortium countries for 1980-81, and this year the loan contracted from the same source is Rs. 3,300 crores, the IMF loan contracted is Rs. 5,000 crores, a loan of Rs. 1,400 crores from the Soviet Union for military supplies and another Rs. 500 crores from the Soviet Union for new 'economic aid' projects altogether come to Rs. 13,200 crores.

The desperateness of the balance of payments can be understood from our traditional exports of jute, jute goods, groundnut, sugar, iron ore etc. Today our country is forced to export such daily necessities which we need like onions, potatoes, mangoes, plantains and plantain leaves, fish, frogs etc. to meet foreign exchange crisis, thus shooting up the prices of these daily necessities beyond the purchasing capacity of the common man. If these exports are stopped, it is again the middle and rich peasants that are badly hit, because of the rapid fall in prices.

The truth is that today the Western imperialism, particularly U S imperialism dominates the private sector, the import export trade and the loans to the government financial institutions and private industry; and the Soviet social imperialism dominates the public sector industries, and supply of military hardware to the Indian army. Public sector being the commanding heights of our economy, the Soviet Union has acquired an upper hand in its competition with the western capital particularly the American capital.

The naked truth is that the Western capital, while maintaining its grip over the private industries and trades, is penetrating the public



sector. The Soviet Union, while maintaining its hold over the public sector, is entering the private sector.

The long rule of the Congress, the short-lived Janata rule and even the Charan Singh rule has only increased the grip of the foreign imperialists by giving concession after concession to the foreign imperialists — in the form of liberalisation of imports and exports, granting licences to establish their industries, allowing joint industries, giving tax concessions, freedom to repatriate all their profits from the country and above all suppressing the working class struggles for higher wages and trade union rights etc.

The naked truth is that the “August 15 Independence” has actually increased and intensified the exploitation of our country on a far bigger scale than in 1947.

“The August 15 Independence” has resulted in dependence on foreign capital, dependence on foreign technology, dependence on imports and exports. This is the truth. This is the real face of “August 15 Independence”, which is nothing but abject dependence on the two super powers — USA and Soviet Union.

The growing grip of foreign capital on Indian economy has resulted in a total economic crisis—industrial and agricultural—which is beyond the capacity of this government to resolve.

The rule of the big bourgeois-big landlord classes, since “August 15 Independence” has benefitted only imperialism and social imperialism and the ruling classes in our country. This can be understood from the fact that the capital of Birlas and Tatas—the biggest exploiters in our country has grown from a petty Rs. 30 crores in 1950s, to about Rs. 3,300 crores now.

“August 15 Independence” has only resulted in increasing the misery of the common man—growing taxation, growing higher prices of all daily necessities, under-utilisation of installed capacity in the established industries, growing unemployment, continuous erosion of the purchasing capacity of the common man, where 60% of the people are already living below the poverty line—as fixed by the government itself—have become the lot of the common people.

This experience shows that “August 15 Independence” has only resulted in formal political independence but real economic dependence, establishing semi-colonial and semi-feudal character of our country ruled by the comprador big bourgeois-big landlord classes, subservient to imperialism and social imperialism.

The misery of our people can be ended only when the exploitation of imperialism and social imperialism and the big bourgeois-big landlord

classes is completely destroyed and this can be achieved only by the success of the New Democratic Revolution under the leadership of the working class.

## **Two Myths Exploded**

Experience has proved that the claim of the CPI and CPM—the revisionists and the neo-revisionists—that Soviet help strengthens the independence of our country against Western imperialism, is nothing but total falsehood. On the other hand, Soviet Union has proved to be worse than the western imperialists in exploiting our country. How?

—Just like the western imperialists, the Soviet union is only helping to build certain infrastructure industries like steels electrical, manufacturing machinery, oil refinery, mining machinery etc. These industries are being utilised by both—the big bourgeoisie of our country and the foreign imperialists for their private industries. Thus, the more the entry of the Soviet capital into India, the more has been the entry of Western capital into India.

— Soviet Union has been utilising its aid to India as a means of selling its outmoded technology and industrial machinery at exorbitant prices and as a market for its crude oil and industrial machinery.

— Soviet Union is building public sector industries with the agreement that part of the goods produced by Soviet aided industries are to be sold to Soviet Union at fixed rates, without any reference to international market rates.

— Soviet Union is selling goods to India at about 20% above the international market rates and purchasing raw materials from India at rates 20% less than the international market rates, thus exploiting the country from both the ends.

— Just like the old imperialists, Soviet Union is building semi-processed industries where much of the human labour is involved in India and the whole production is shipped to the Soviet Union for finalisation. Here one should note that surplus produced by the Indian labour is also shipped to the Soviet Union.

— Finally the trade with the Soviet Union is based on rupee to rupee basis, i. e. we have to pay back the loans of Russia with our goods. This helps in no way in narrowing the huge gap between the imports and exports to the western imperialist countries. This gap increases year by year and taking of loans from the western imperialists increases by leaps and bounds finally leading to the surrender of the Indira government to the shameful terms of the IMF loans.

This only shows that Soviet aid does not have the character or the strength to resist the exploitation of western capital.

There is another myth that with pro-Soviet Indira Gandhi government established in the Centre in 1980, India has come under the exclusive hegemony of the Soviet Union. This is nothing but saying that India has become a neo-colony of the Soviet Union.

The experience of the last two years has also exploded this myth of the hardened class collaborationists. The huge amount of western capital in India in private industry, its domination of the import-export trade, its domination in loans to the govt. shows that Soviet capital has no physical strength to abolish this huge western capital in India. It also proves that Indian economy, as it has evolved, cannot dispense with western capital. Finally the abject surrender of the Indira government to the dictates of the IMF—placing its yearly budgets, its pricing and taxation policy, its loans system, its import-export trade, its anti-inflationary measures—whole economy to be placed for yearly scrutiny of the IMF bank officials, all this in spite of Soviet protests—shows that the Indira Congress government has not yet come under the exclusive hegemony of the Soviet Union.

### **Strange arguments of certain Communist Revolutionaries**

While the CPI and CPM claim that our country has attained full "Independence" on August 15, 1947, it is strange to see some Communist Revolutionaries claiming that India has attained 'Political Independence' or 'marginal independence' or 'some independence'. They are opposed to our characterisation that India's independence is nothing but formal but its economic dependence is real.

These organisations of Communist Revolutionaries are giving far more stranger, but fantastic arguments in support of their 'marginal' independence theory. They say:

—Everybody agrees that power was transferred from British hands to Indian hands on August 15, 1947. Since power is economic and political, and since economic power is not transferred, it is certain that political power has been transferred and therefore India is a politically independent country.

—The second argument is that since India is able to get capital from so many countries like USA, West Germany, Japan, Soviet Union and East European countries, it means the Indian government is having political independence enabling it to carry on these transactions.

### **Refutation of these arguments**

We are sorry to say that they have entirely wrongly understood the transfer of power from British hands to Indian hands—the big bourgeois-big landlord classes.

With the advance of the Chinese New Democratic Revolution under the leadership of the Communist Party of China, with the upsurge of the National Liberation struggles in Asia, Africa and Latin America, with the upsurge of anti-imperialist struggles in India itself, all after the Second World War — both British imperialism and the big bourgeois-big landlord Congress and Muslim League leadership were terrified at the prospect of the Indian people taking to the Chinese path and the result was the transfer of power from the British hands to the Indian hands, and the creation of Pakistan and India under the leadership of Muslim league and Congress respectively, representing the big bourgeois-big landlord classes who are comprador in character.

Thus the transfer of power is nothing but a conspiracy between British imperialism and the big bourgeois-big landlord classes both in Pakistan and India against genuine independence. These comrades are entirely missing this point. "The August 15 Independence" is nothing but formal, is a conspiracy against real independence.

Here these comrades forget the birth and role of the Congress in India. Congress was created by British to prevent the people from taking the revolutionary road. From that day, the policies of the Congress are the policies of the big bourgeois big landlord classes. The history of the Congress is the history of the comprador big bourgeois-big landlord classes. These two classes have never fought for real independence of our country, but utilised the national movement for compromise with British imperialism and have been deceiving the people by parading their semi-colonialism as real independence.

Here the transfer of power from British into Congress hands is to preserve the exploitation of imperialism, feudalism and comprador bourgeoisie, which the Congress has been faithfully doing ever since 1947. It is absurd to interpret this transfer of power as political independence.

The exploitation of our country by many imperialist powers in place of British imperialism alone is not an indication of its political independence. It only shows the semi colonial character of our country.

It is true that the Indian government is able to get the so-called economic aid from many imperialist countries. But the Indian government is able to do this only by depending on one imperialist power and bargaining with the other imperialist power. For instance, while depending on the Soviet Union, it bargains with the USA for certain 'aid', and vice versa. While bargaining with the two super powers it relies on the West European countries and Japan.

The truth is that in today's world situation, where imperialism, on a world scale, is getting weaker and weaker and two super powers have emerged for contention for the domination of the world, the Indian ruling

classes, having state power in their hands are able to increase their bargaining power to get more concessions from the various imperialist powers. It is the height of absurdity to characterise this bargaining power of our ruling classes as political 'independence' of our country.

## **Centrain Fundamental questions**

In the beginning itself, we have given enough economic data to show how economic dependence of our country on imperialism and social imperialism has been increasing since 1947.

While accepting this economic dependence of our country, these theoreticians are able to see 'political' or 'marginal' independence. Then they have to answer certain fundamental theoretical question on this issue.

—Marxism - Leninism says that the economics is the foundation of politics. While economic dependence of our country is increasing, how are the Indian ruling classes able to retain political independence ?

—Marxism-Leninism says that externa policy is a reflection of the internal policy. While internally the Indian economy is increasing its dependence on imperialism and social imperialism, how is it that the Indian ruling classes have got the political freedom in its external affairs ? If this is true, how do they explain the shameful support of the Indira Congress to Soviet aggression against Afghanistan and Soviet - backed Vietnamese aggression against Kampuchea ?

—Marxism-Leninism has taught us that imperialism and social imperialism export their finance capital to other countries in order to subjugate these countries economically, politically and militarily in order to control the markets in these countries. Now these comrades agree that both imperialism and social imperialism are exporting their finance capital to India to exploit our country. In the same breath they say that India is a politically independent country. Isn't the capital from imperialism and social imperialism finance capital itself ? And is it not the specific duty of this finance capital to economically, politically and militarily dominate India ?

—Lenin, Stalin and Mao have taught us again and again that after 1917 October Revolution in Russia, the bourgeoisie in any country in the world have no capacity to complete the bourgeois democratic revolution, which can only be achieved through New Democratic Revolution, under the leadership of the working class. But these theoreticians say that our country has got political independence under the leadership of the big bourgeois big landlord classes. Have the teachings of Lenin, Stalin and Mao become out-dated on this question?, if so, when and why ?

—Comrade Mao has again and again taught that the compradors are the running dogs of imperialism. Now these comrades agree that our ruling classes are comprador in nature but in the same breath they say that they have attained political independence of our country. What has political independence got to do with our comprador ruling classes— with our Tatas and Birlas? Since when did comrade Mao become out of date on the characterisation of the comprador classes, their subservience to imperialism and social imperialism? If so, why?

—Comrade Lenin has taught us that the imperialists do resort to the trick of setting up ostensibly independent governments, but really economically dependent upon them, with the help of the ruling classes in the dependent countries. But these comrades say that economic dependence of our country is real, but that the country has got “political” or “marginal” independence. Then since when, according to them, comrade Lenin has gone out of date on this question, and if so why?

—Comrade Mao has again and taught us that imperialism continues to dominate colonial and semi-colonial countries till New Democratic Revolution finally triumphs. Now these comrades say that our country is politically independent. Since when has comrade Mao gone out of date on this question, if so why?

Putting these very questions exposes the absurdity of those who argue about “political” or “marginal” independence.

These theoreticians should note the similarity of their arguments with the arguments of the CPI and CPM— the revisionists and neo-revisionists— who argue about full “independence” of our country in their faithful service to the ruling classes and soviet social imperialism.

It is really strange to see that the very comrades who used to say that our country is a neo colony of USA and Soviet Union at the time of Naxalbari Struggle, now speak of “political” or “marginal” independence. Well comrades, this is nothing but a turn to the Right.

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