

New Indian ministry to continue right-wing policies

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The composition of the Indian council of ministers, sworn into office last Saturday, provides further confirmation that the Congress Party-led coalition government will maintain essentially the same right-wing policies at home and abroad as its predecessor.

To accommodate its various allies, Congress appointed 68 ministers—28 with cabinet rank, while the remainder will be ministers of state. Congress holds only 145 seats of its own in the 545-seat Lok Sabha, or lower house of parliament, and is heavily dependent on a diverse group of regional-based coalition partners in the United Progressive Alliance (UPA). A full list of ministerial assignments was only announced on Sunday, indicating the intensity of the backroom haggling.

Most of the top positions, however, including 18 of the 28 cabinet posts, were allocated to Congress, in many cases to previous ministers who served in the governments of Indira Gandhi and her son Rajiv Gandhi in the 1970s and 1980s. Rajiv's widow, Sonya Gandhi, who stood aside to allow Manmohan Singh to become prime minister, holds no ministerial position but she retains considerable political clout as Congress party leader.

The “big four” ministries—finance, external affairs, defence and home—all went to veteran Congress leaders.

Palaniappan Chidambaram was appointed to the key finance ministry in a further attempt to reassure big business and foreign investors. He, like Prime Minister Manmohan Singh, has a long record of implementing the economic restructuring demands of the IMF and World Bank. As commerce minister in the Narasimha Rao government of 1991-96, Chidambaram collaborated closely with Singh in opening up the Indian economy to foreign investment.

When the Rao government was defeated in 1996 as a result of the growing opposition to job losses and declining living standards, Chidambaram became finance minister in the United Front (UF) government from 1996 to 1998. In 1997, he brought down what is still referred to by financial pundits as “a dream budget” for business, slashing corporate taxes, income tax on the wealthy, the average tariff rate and a range of other taxes. The Indian stock market took off and Chidambaram was named “Asia's best finance minister” by an Australian university.

Chidambaram's experience in the UF government has another significance. Like the UF, the present Congress-led coalition has a minority in parliament and relies on the support of the so-called Left Front led by the Stalinist Communist Party of India-Marxist

(CPI-M). Chidambaram's ability to enlist the support of the CPI-M and its allies to push through further economic restructuring is viewed as another plus by the markets.

D.H. Panandikar, senior economist with the RGP Foundation, declared: “It is very much a signal India is open for business. It is a very positive driver [for the markets]. I expect him to be able to keep the left on board because he is a very shrewd politician.”

Chidambaram declared this week that the new government would continue the program of economic restructuring and was committed to fiscal responsibility. On Monday, Chidambaram pledged: “The continuity [of economic reforms] is pretty clear because we're going back to the days of the original reformer [Singh].” The stock markets welcomed his appointment, with the Bombay Stock Exchange rising 162 points or 3.26 percent on Monday.

Natwar Singh, the new external affairs minister, has already assured the media that there will be no fundamental break from the foreign policy orientation of the previous Bharatiya Janatha Party (BJP)-led government. “Foreign policy should be evolutionary and not revolutionary. It is not tied to any doctrine or dogma. We take decisions keeping in mind our vital national interests,” he told the media this week.

Singh has had a long career as a diplomat, including in China, Britain and Pakistan, and served as external affairs minister under Rajiv Gandhi.

The central feature of the BJP's orientation was the strengthening of close diplomatic, military and economic ties with the US—a marked shift from India's traditional post-World War II policy of “non-alignment,” with which Congress was closely associated. During the election campaign, Singh stirred up Indian nationalism by releasing a document entitled “Security Agenda: Issues before the Nation,” accusing the BJP of reducing India to a subordinate role in its relations with the US and failing to counter “Pakistan-sponsored terrorism” in Kashmir.

However, on Monday, Singh made clear there would be no sharp shift away from the Bush administration. “We are two great democracies. It is in our interest, in their interest, in the interest of the world, that relations between India and the US should be on a steady course and not episodic,” he said.

Singh added: “We have differences [with Washington]. We have differences on Iraq. We are not in favour of troops going there. There is not going to be any change on that.” These so-called “differences” are, however, extremely muted. When the Bush

administration called for Indian troops in Iraq, the only objection raised by the Congress opposition was that it should be done under UN auspices. Amid growing opposition at home and a deepening quagmire in Iraq, the previous government decided not to send troops.

Singh has announced that “the dialogue for friendship and good neighbourliness with Pakistan will continue.” Like the BJP, Congress is calculating that India can rely on its growing economic strength, rather than simply military might, to establish its predominance in the region over its traditional rival.

Prime Minister Manmohan Singh told the *International Herald Tribune*: “We have to find a way to stop talking of war with Pakistan... This is stopping us realizing our economic potential.” At the same time, however, he insisted that there would be no significant concessions to Pakistan over the disputed region of Kashmir. He ruled out any secession of Kashmir from India or any redrawing of the present boundaries.

Pranab Mukherjee, a longstanding Gandhi family loyalist, is the defence minister. He held the finance portfolio under Indira Gandhi and was number two in her government. In addition, he held commerce, steel and mines and external affairs ministries in Congress governments from the 1970s to the mid-1990s. Defence is crucial in New Delhi’s efforts to boost its regional power status and develop military ties, especially with Washington.

Mukherjee told the media this week that he intended to continue the modernisation of the armed forces as a top priority. Under the previous BJP-led administration, military spending rose sharply. The new minister announced his intention of pressing ahead with major defence deals, including the building of French Scorpion submarines, at the cost of \$US2 billion, and a new multi-function fighter aircraft.

Under the BJP, India developed close military ties with Israel, which became the country’s second largest supplier of military hardware. These included Phalcon Airborne Early Warning systems, Unmanned Aerial Vehicles, ground sensors and combat rifles. Mukherjee ruled out any change to relations with Israel, declaring that all parties in the coalition would agree on the issue of security.

Shivraj Patil is the home minister. His choice was regarded as something of a surprise by the media as he failed to win his seat in the recent elections. He had to be appointed to the Indian upper house of parliament or Rajya Sabha. Patil has a long association with the Gandhi family and has held a number of posts in previous Congress governments.

According to several commentators, the home ministry, which oversees internal security and relations with state governments, had been assigned to Mukherjee. Mukherjee, however, is from West Bengal, the stronghold of the Left Front, whose leaders may have objected to a political competitor being given the powerful political position.

The Congress-led alliance is committed to the repeal of the country’s draconian POTA “anti-terrorist” laws, which provide the police with extensive powers of arrest and detention without trial. But Patil told the press that other provisions of the Criminal Procedure Code would be just as effective in dealing with “disruptive activities”.

He announced that there would be no easing of the crackdown on armed Islamic separatists in Kashmir, where the Indian security forces are notorious for their abuse of democratic rights.

Other significant ministries that remain in Congress hands include: Human Resource Development (Arjun Singh), Commerce and Industries (Kamal Nath), Power (P.M. Sayeed), and Water Resources (Priya Ranjan Das Munshi). Civil Aviation Minister Praful Patel began his term of office by assuring investors that the privatisation of the New Delhi and Bombay airports would proceed as planned.

The minority government’s instability was highlighted by the jostling for the plum jobs.

Laloo Prasad Yadav, leader of the Rastriya Janatha Party (RJD), which is based in the state of Bihar, had wanted the position of home minister. Such a move would have created political embarrassments given that Yadav is facing serious charges of corruption involving 9.5 billion rupees in state funds. He eventually settled for the post of railways minister in return for the continued allegiance of the RJD’s 21 MPs. The Indian railway system is a huge commercial enterprise and warrants a separate parliamentary budget.

Lok Janashakti Party (LJP) head, Ram Vilas Paswan, had been angling for the railways ministry but in the end accepted the role of minister for chemicals, fertiliser and steel. He reportedly agreed to take the oath of office just 20 minutes before the ceremony after prolonged discussions with former prime minister V.P. Singh and senior Congress leader Ahmed Patel.

Not all matters were settled over the weekend. Late on Sunday night, M. Karunanidhi, the leader of the Tamil Nadu-based Dravida Munnetra Kazhagam (DMK), issued a statement declaring that his ministers were not happy with the allocation of portfolios and would not assume office until “the mistakes are rectified”. He insisted that the party had not been given what it was promised. The mini-crisis was defused on Tuesday when Telengana Rastriya Samiti (TRS) head K. Chandrasekhar gave up his post of shipping minister to the DMK.

Having come to power unexpectedly by exploiting the popular hostility to the impact of economic restructuring, the Congress government has unambiguously signalled to big business that the previous policies will be continued. As the new ministers proceed to implement the economic agenda, opposition is certain to grow, exacerbating already obvious tensions in the administration. This situation highlights the government’s dependence on the Stalinist-led Left Front to ensure a parliamentary majority and defuse the inevitable resistance of working people to its policies.



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