

India: political posturing over oil price hikes

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The petroleum price increases India's United Progressive Alliance (UPA) government announced last month have occasioned theatrics from all sides of the Union parliament.

With inflation already running at more than seven percent and hundreds of millions living in extreme want, the political elite well recognizes that the increases in the price of petrol (gasoline), diesel fuel, and liquid petroleum gas (cooking fuel) will have a punishing impact as they cascade through the economy.

The right-wing official opposition—the Hindu supremacist Bharatiya Janata Party (BJP) and its partners in the National Democratic Alliance (NDA)—walked out of parliament December 1, the first day of the winter session of India's legislature, to protest against the price hikes.

The BJP, which fell from power last May, is clutching at the price hike issue as a means of countering the well-founded and deep-rooted popular perception that it is a party of big business and the well-to-do. During the six years the BJP-led NDA held office, it pursued neo-liberal economic policies that have dramatically increased poverty, economic insecurity and social inequality.

The BJP's deputy leader in the Lok Sabha, V.K. Malhotra, told the lower house of India's parliament that the price hikes would cause India's inflation rate to surge into double-digits. He accused the Congress, the dominant partner in the UPA, of betraying its election pledge to be “with the common man” and called for a parliamentary vote on the increases.

Former Prime Minister Atal Behari Vajpayee and the BJP's president and parliamentary leader, L.K. Advani, courted arrest during the street protest that followed the NDA's walkout from parliament. They were briefly detained by police, then released without charge.

The BJP's call for a vote on the price hikes was aimed at exploiting divisions within the government

coalition and between the UPA and the Left Front. The UPA holds office only because it enjoys parliamentary support from Left Front—which is comprised of the Communist Party of India (Marxist), the Communist Party of India, the Revolutionary Socialist Party and the Forward Bloc. Although the Stalinist-dominated Left Front has chosen to not formally join the government, it helped draft the Common Minimum Programme (CMP) that ostensibly outlines the UPA's agenda for government. Moreover, the top leaders of the Left Front meet regularly with Prime Minister Manmohan Singh, Congress boss Sonia Gandhi, and other first rank UPA politicians through a UPA-Left Front “co-ordinating committee” set up to monitor the government's progress in implementing the CMP.

The Left Front has decried the petroleum price increases and in its own name or that of various affiliated trade unions and peasant groups called demonstrations and protest rallies to denounce them. But these actions are aimed at shackling the working class and oppressed masses to the Congress-led UPA government, not developing an independent political offensive of the working class.

The Stalinist have been quick to dispel any suggestion that they might withdraw support for the UPA government and have repeated their claims that only by supporting the Congress-led UPA can working people oppose the Hindu communalist BJP. “We want the government to stay in office and perform,” declared Communist Party of India leader D. Raja. “The main issue is not our withdrawing support or continuing support,” said Communist Party of India (Marxist) Politburo member Sitaram Yechuri. “The main issue is the government's sincerity in implementing the CMP.”

The CMP, as the Stalinist leaders themselves well know, is a fraud. It is based on the spurious claim that the Congress-led UPA can both intensify the program of economic reform—that is the implementation of neo-

liberal reforms aimed at making India a cheap labor haven for international capital—and pursue “pro-people” policies.

Yet the Stalinists feign surprise when time after time a government led by the Congress—the traditional governing party of the Indian bourgeoisie—and headed by Manmohan Singh, who as Finance Minister in the early 1990s spearheaded India’s shift to neo-liberal policies, fails to fulfill the populist promises in the CMP, while pressing forward with privatization, deregulation and other pro-investor policies.

In their West Bengal bastion—the Left Front has formed the state government since 1977—the Stalinists have themselves embraced the bourgeoisie’s reform program and demonstrated the impossibility of giving it a “human face.” Anxious to curry favor with investors, the Communist Party (Marxist) Chief Minister, Buddhadeb Bhattacharya and other government leaders have become increasingly belligerent in demanding that the unions put an end to so-called frivolous strikes and protests.

In keeping with this stance and to fulsome praise from the right-wing (Calcutta) *Telegraph*, the Left Front government made a major effort to ensure that a one-day *hartal* or general strike that Maoists in West Bengal called to protest the oil price hikes did not disrupt production and commercial life. Inspired by the government’s new hard line, the courts, meanwhile, ruled the Maoist *hartal* and another organized by the NDA-aligned Trinamool Congress illegal and threatened them both with deregistration as political parties if they disobeyed.

Not to be outdone by its critics in posturing over the oil price increases, the UPA government has pretended to feel the people’s pain. Taking advantage of the recent dip in world oil prices, it has partially rolled back the increases on petrol and liquid petroleum gas. At the same time, it has justified the increases with claims that it wants to “spend a lot more money on education, health care, irrigation and agriculture” and by arguing that if it didn’t raise petroleum prices the profitability of the two state-owned oil companies would be jeopardized, since India imports more than 70 of its petroleum requirement.

On November 15, the government reduced the increase in petrol from 2.2 rupees per litre to 1.16 rupees and on November 24, following a meeting of the

UPA-Left Front co-ordinating committee, it announced that it was scrapping plans to increase the price of a cylinder of liquid petroleum gas (LPG) by 5 rupees every month for the next four months. On November 4, the government had raised the price of a cylinder of LPG by 20 rupees.

The price rollbacks have a double purpose: to show the government is responsive to popular needs and to provide the Stalinists with a sop whereby they can justify their support for the government and participation in the CMP coordinating committee.

But what the government gave with one hand, it took back with another. Just a couple of days after cancelling the further increases in the price of LPG, the government announced increases in freight rates for coal, cement and other heavy commodities that will further fuel inflation.

More fundamentally, while popular attention has been focussed on the oil rice issue, the UPA government has been scrambling to reassure both the Indian bourgeoisie and international capital that it intends to push forward with liberalization. Manmohan Singh and Finance Minister P. Chidambaram have signalled that the government will sell minority shares in profitable government-owned companies, while selling off or liquidating so-called “sick” Public Sector Units, announced plans to change laws governing factory inspection and regulation in line with “global practices,” and named one of India’s most prominent capitalists as head of a committee charged with drumming up tens of billions of dollars of foreign investment in public infrastructure.



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