

West Bengal Stalinists sign deal with firm tied to ex-Indonesian dictator

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Last month, West Bengal's Stalinist-led Left Front government signed India's biggest foreign direct investment (FDI) deal with the Salim Group, an Indonesian conglomerate closely linked to the former Indonesian dictator General Suharto.

The founder of the Salim Group is Liem Sioe Liong. Reportedly the richest man in Indonesia, Liem owes much of his fortune to privileges granted him by Suharto, whom he befriended in the 1940s.

Suharto was responsible for the bloody purge of Indonesian Communist Party members and sympathisers between 1965 and 1966 that resulted in more than a million deaths. But this has not stopped Communist Party of India-Marxist (CPI [M]) West Bengal Chief Minister Buddhadev Bhattacharjee promoting the deal and brushing aside criticisms: "Why should we rake up the past? They [the Salim Group] have invested in China, too. Our stand is clear. For the development of the state we need capital. We are not concerned about the character of the investor. To me capital has no colour."

Since his appointment as Chief Minister, Bhattacharjee has insisted that India should follow the Chinese model and become a magnet for Indian and international firms seeking to develop cheap-labour manufacturing, business-processing and research facilities for global markets.

The FDI agreement was signed on July 31 between the Salim Group's executive director, Beni Santoso, West Bengal Industry Secretary Sabyasachi Sen and West Bengal Industrial Development Corp. Managing Director Debasis Som in the presence of Bhattacharjee. At the signing, West Bengal's Chief Minister declared, "The people of Bengal are waiting for us to perform.... Their mandate for the government is to strike a balance between agriculture and industry and take the state forward."

The FDI deal, worth an estimated 200 billion rupees (US\$4.2 billion), is a huge enterprise involving the construction of expressways and bridges, a multi-product 12,500-acre (20-square mile, 50-square kilometre) cheap labour Special Economic Zone (SEZ) in Haldia and a similar one producing chemicals on 10,000 acres in East Midnapore, and health and knowledge "cities" or complexes on a further 3,000 acres. In all, nearly 40,000 acres of land will be required.

The previous Union government, led by the Bharatiya Janata Party (BJP), first introduced the concept of SEZs in 2000, and since then the central government has approved 42 of them. In addition, the existing Special Export Processing Zones have been converted into SEZs.

SEZs are set up by state governments, usually in collaboration with the private sector, as self-contained areas with their own water- and power-supply systems. Their great value to the bourgeoisie is that taxes, and labour standards and other regulations are waived.

According to *India together*, "To woo investors to the zones, the

central government has been offering a number of fiscal incentives and concessions. For instance, the zones are deemed as foreign territories as far as trade operations, duties and tariffs are concerned. The units (100 percent export oriented) also have full flexibility in operations. They are exempt from all direct and indirect taxes. No export and import duties, no excise duty, no central or state sales tax and no service tax. The units do not require license for importing capital goods and raw material. 100 percent FDI is allowed in the zones. Repatriation of export profits is also allowed."

The SEZs also offer investors cheap labour without any legal restrictions or interference from government bodies. Whether workers are blue collar or professional, they face similar working conditions, labouring for 10-12 hours a day for low wages, usually without paid overtime, holiday pay or retirement benefits. These are the sort of conditions that the CPI (M) is introducing into West Bengal as it woos foreign capital and Indian big business.

Two days before the signing of the Salim Group deal, Bhattacharjee met with leaders of the other components of the Left Front (the Forward Bloc, the Revolutionary Socialist Party, and the Stalinist Communist Party of India) who, along with some CPI (M) members, had objected to the large amount of land that will need to be expropriated from poor peasants to meet Salim's land demands and the lack of adequate compensation.

Mamata Banerjee of the right-wing Trinamool Congress, the principal opposition leader in the state, also associated herself with the opposition to the Salim deal. She condemned the expropriation of large amounts of land on behalf of "foreigners" and attempted, unsuccessfully, to organise demonstrations against Bentoso's visit.

The disagreement within the Left Front over the Salim deal was little more than a tiff. As the Left Front chairman (and CPI [M] state committee secretary) Biman Bose explained, although there had been disquiet about the compensation package, the Left Front partners agreed to a deal involving private investors and the transfer of unused land to the Salim Group.

In an attempt to answer his critics, State Industries Minister Nirupam Sen said that there was "a clear indication" in the memorandum of understanding signed between the West Bengal government and the Salim Group that the project's managers will try to use fallow or low-grade agricultural land and spare "as far as possible" productive double or multi-cropped land. Sen promised alternative livelihoods for displaced farmers and good levels of compensation that will allow a family to live on the interest earned. The government has also promised registered *bargardars* (sharecroppers) will receive 25 percent of the value of the land that they till, and that this will be over and above any compensation paid to

the landowners.

The disquiet in the Left Front has arisen because peasants are angry at the loss of their land and livelihood and are suspicious about the claims of compensation and future employment. There is growing recognition that the CPI (M) does not represent their interests and this was reflected in the results of last spring's state election. According to one analysis, the CPI (M) lost almost 10 percent of its rural vote, whilst increasing its share of middle and upper-class votes by 18 percent. Although state-wide the Left Front increased its seat tally, it lost several seats in areas of the greater Kolkata region affected by the Salim Group deal.

As the *Times of India* has noted, "The Indian state has a poor record when it comes to compensating people who are forced to give up land for projects." In the building of the Rajarhat (New Town) township in the Kolkata suburb of Salt Lake City and other development projects, hundreds of thousands of poor farmers have been "compensated" at the rate of about Rs45,000 (US\$1,000) an acre, only to see realtors sell their land for about 20 lakh rupees an acre (US\$43,000) after development.

Bhattacharjee has not just been acting on his own initiative. CPI (M) Politburo members Prakash Karat, Sitaram Yechury and Jyoti Basu have fully supported the Stalinist leader since he started talks with the Salim Group last year and warned party members that anyone who opposes the chief minister's policies would face disciplinary action.

Since assuming the post of chief minister in 2001, Bhattacharjee has made it his mission to dispel the notion that West Bengal is a centre of worker militancy and to promote it as a safe haven for investment.

Last September, when a Left Front-supported one-day general strike disrupted the operations of Kolkata's IT and IT-enabled business-processing companies, a livid Bhattacharjee vowed that he would ensure such disruptions never recur. Said Bhattacharjee, "They do not understand IT—it's not like a jute mill. It's 24/7 and should be totally out of bounds for strikes. I am trying to repair this wrong message. I am going to assure the big IT companies—IBM, Wipro, Cognizant, PwC and so on—that next time there will be total peace." According to *India Today*, he asked IT companies to give him the names of picketers so he could have them arrested.

With the assistance of the accountants PriceWaterhouse Coopers and the British government's Department for International Development, the Left Front government recently completed the first phase of a public sector unit (PSU) restructuring programme, selecting 10 PSUs for permanent closure, 15 for restructuring and 1—Kolkata's Great Eastern Hotel—for privatisation. Last year, the government sacked the hotel's 422 staff and sold it to the Bharat Hotels chain for Rs520 million (US\$11.4 million).

In the second phase, 29 PSUs have been identified for restructuring including the State Electricity Board and State Transport companies. Some 80,000 workers are to be affected. The government has also signed a US\$235 million contract with the shipping group P&O to build India's first private port and SEZ a few miles from Kolkata in Kulpi.

The West Bengal Left Front government's readiness to do investors' bidding has caught the attention of the Bush administration. During a recent one-day visit to Kolkata, US Assistant Secretary of State for South and Central Asian Affairs Richard Boucher said, "I spent a lot of time working in China and Deng Xiaoping had a saying that it doesn't matter if the cat is black or white, as long as it catches rats. We work with people who are pragmatic, who want to accomplish something."

In the state of Kerala, the newly elected Left Democratic Front ministry is pursuing the same neo-liberal economic reforms as the Left Front regime in West Bengal. Last month, the Kerala CPI (M) Chief Minister V.S. Achuthanandan said that his government would welcome private investment in all key sectors including IT, tourism and agriculture, and met with the deputy chairman of the National Planning Commission, Montek Singh Ahluwalia, an ardent advocate of the neo-liberal agenda of the Indian bourgeoisie. The Stalinist-led Kerala government has also said that it wants to arrive at a "political consensus" among the state's political establishment to banish *hartals* (political protest strikes) and strikes in the IT and tourism sectors.

The CPI (M) and the Left Front pose as defenders of the working class and peasants, while acting as the political prop and servant of the Indian bourgeoisie.

In the first four decades following independence, the CPI (M) and its main Left Front partner, the Communist Party of India (CPI), justified their support for India's national development strategy, saying it was necessary to support "anti-imperialist" sections of the national bourgeoisie against feudal reaction and the pro-imperialist bourgeoisie. Now, in an even cruder perversion of Marxism, the Stalinists claim, citing China as their model, that West Bengal has to become a cheap labour magnet for international capital. "I am trying," said Bhattacharjee, "to work accepting the present reality.... [S]ince we are practical, we know it is wise to be capitalist at the moment when the whole world is wooing capitalism".

At the all-India level, the Left Front is also playing a critical role in assisting the bourgeoisie in imposing its neo-liberal program of tax cuts, privatisation, deregulation, the gutting of worker rights and farm subsidies, and the financing of infrastructure projects through the cutting of income support. The Left Front's 60-plus MPs are providing the minority Congress Party-led United Progressive Alliance coalition with the votes it needs to stay in office, while keeping the mass opposition to the growth of economic insecurity and social inequality within the confines of trade union and parliamentary protests.



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