

India's prime minister warns big business of threat of social unrest

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On the third anniversary of the coming to power of the Congress Party-led United Progressive Alliance (UPA), Indian Prime Minister Manmohan Singh made a major speech to India's business elite warning of the danger of social unrest.

Singh used his May 24 address to the annual conference of the Confederation of Indian Industries (CII) to press for India's corporate elite to adopt a 10-point "social charter," so as to "ensure that [economic] growth is more equitable and that it empowers the most deprived of our citizens."

Most notably, he warned the industrial moguls that they best curb executive remuneration packages and vulgar and ostentatious displays of their accumulated wealth lest they fan social unrest.

While claiming that the UPA has a "reasonably good story to tell," Singh acknowledged "that we have a long way to go in addressing the needs and concerns of all sections of our society, especially the poorest among us."

Specifically he pleaded with business on the following points:

—To invest in the health, welfare, and education of workers and their children and to "give them pensions and various provident-fund benefits."

—To focus not solely on reducing their companies' corporate tax liability and adopt a philosophy of corporate "social responsibility" that "factors in the needs of the community."

—To "be pro-active in offering employment to the less privileged at all levels of the job ladder," by adopting voluntary "reservation"—i.e. affirmative action—schemes for Dalits (the descendants of the untouchables), Scheduled Tribes, and Other Backward Classes (OBCs).

—To "resist excessive remuneration for promoters and senior executives and discourage conspicuous consumption."

On the last point, he remarked, "In a country with extreme poverty, industry needs to be moderate in the emoluments levels it adopts. Rising income and wealth inequalities, if not matched by a corresponding rise of incomes across the nation, can lead to social unrest. The electronic media carries the lifestyles of the rich and famous into every village and every slum. Media often highlights the vulgar display of their wealth. An area of great concern is the level of ostentatious expenditure on weddings and other family events. Such vulgarity insults the poverty of the less privileged, it is socially wasteful and it

plants seeds of resentment in the minds of the have-nots."

Singh exhorted the Indian economic elite to take to heart observations the English economist John Maynard Keynes made concerning the nineteenth century European capitalist class. Singh, quoting Keynes, claimed "it was precisely the inequality of the distribution of wealth which made possible those vast accumulations of fixed wealth and of capital improvements which distinguished that age from all others." However the nineteenth century European capitalists made a virtue out of investing their accumulated wealth rather than using it for immediate consumption. Accordingly, "The duty of 'saving' became nine-tenths of virtue and the growth of the cake the object of true religion."

Singh urged that the Indian capitalist class, which, as he noted, "has a growing number of multimillionaires and billionaires", to adopt the outlook of their nineteenth century European counterparts and focus their energies on accumulating capital.

Singh's comments are notable from two standpoints: First, he lauds obscene social inequality as the foundation of economic growth. Indeed his government has relentlessly pursued pro-investor policies that are directly responsible for the increased poverty and economic insecurity of India's toilers.

Second, Singh ignores the social destruction wrought by the supposedly virtuous European capitalists—the savage exploitation of the working class, including child-laborers, and the forced incorporation through imperialism of the entire planet into a world capitalist economy, a process associated with the colonial subjugation of India, the looting of the subcontinent by the East India Company, and then the destruction of India's traditional industries by the manufacturers of Manchester. Moreover, the private accumulation of vast pools of private capital and the associated struggle for markets and resources in the nineteenth century was inseparable from the great-power rivalries of the European powers that culminated in World War One.

Just days after Singh delivered his address, the BBC website reported that one of India's richest industrialists, Mukesh Ambani, the inheritor of the vast Reliance Industrial empire, is building a 27-story skyscraper "dream house" in Bombay complete with a mini-theater, 600 servants, and multiple

swimming pools at a cost of \$1 billion dollars.

While Ambani gets to enjoy his “dream-house” just by the luck of being born into a wealthy family, hundreds of thousands of migrant workers living in slums under desperate living conditions face the threat of their dwellings being bulldozed in the middle of the night by the Mumbai government so as to clear the land for shopping malls and office complexes that will directly enrich the likes of Ambani. (See “Indian industrialist to build \$1 billion ‘home’ amidst Mumbai’s multi-million slum-dwellers”)

So much for the Indian prime minister’s sermon.

Nevertheless, Singh’s CII speech is significant—significant for what it reveals about the apprehensions of the more conscious representatives of the Indian bourgeoisie and about the UPA’s precarious political balancing act.

To the shock of the entire political establishment, including the Congress leadership, the UPA was elected three years ago as the result of a voter backlash against the neo-liberal policies pursued by the Bharatiya Janata Party (BJP)-led National Democratic Alliance government. A key role in boosting the Congress’ claim to constitute a progressive alternative to the Hindu supremacist BJP was the support given it by the Communist party of India (Marxist)-led Left Front. To this day, the UPA survives in office only because of the parliamentary backing of the ostensibly socialist Left Front.

While claiming to be pursuing economic reforms with a “human face” and to uphold the interests of the “aam aadmi” (common man), the UPA has thrown open the retail sector to foreign capital, adopted a Chinese-style Special Economic Zone policy, slashed corporate taxes, and forged a “strategic partnership” with the USA.

In his speech to the CII, Singh claimed that the “guiding principle of our Government has been to ensure that, while sustaining higher rates of economic growth, the improved performance of the economy must contribute to employment generation, poverty reduction and human development.”

In fact, while India has experienced 8 and 9 percent annual growth, allocations of social expenditures as a proportion of GNP have increased only marginally, although it is admitted by many bourgeois analysts that the lamentable state of India’s public services increasingly threatens its capitalist economic development. The Indian state spends slightly more than 3 percent of GNP on education, with much of that devoted to tertiary education, and about 1 percent of GNP on health care.

As for agriculture, which provides the livelihood of more than 60 percent of all Indians, it remains mired in crisis. Indeed, India’s production and—even more significantly—per capita consumption of vital grains have experienced a decline.

Meanwhile, the UPA government has lavished funding on the military. The 2007 budget, recently unveiled recently by the UPA, boosts military expenditure by 7 percent. That comes on the top of a 7.8 percent increase in 2005-2006 and a massive 17.9 percent increase in 2004.

If the anger over increasing social inequality and economic insecurity has thus far been manifested only sporadically and through the distorted prism of bourgeois election results, it is because the Stalinist-led Left Front has politically subordinated the working class to the UPA. The Stalinists claim that supporting the UPA is the only means of preventing the Hindu supremacist BJP from returning to power and that, in any event, there is no practical alternative to the bourgeoisie’s policy of “industrializing” India by making it a cheap-labor haven for world capital.

The timing of Singh’s remarks was hardly a coincidence. The Congress has suffered a series of devastating electoral defeats in recent state assembly elections, including in Uttar Pradesh, India’s most populous state, where the Congress polled less than ten percent of the vote. The Congress Party leadership is undoubtedly worried about what the assembly elections augur for the party in the next all-India elections, which are slated for 2009. But there also have been signs of mounting social unrest, including land-reform struggles in Andhra Pradesh and widespread protests against the seizure of land for special economic zones, especially in Left Front-ruled West Bengal.

While Singh warned the captains of industry to beware of stoking popular anger and protest unrest, he made clear that he and the UPA government remain fully committed to their oft repeated declamations that the key to improving the lot of India’s toilers is to attract capitalist investment by ensuring the optimum climate for capitalist profit-making. Thus Singh’s appeal to India’s industrialists to voluntarily cede a fraction more of their earnings to their employees, his unstated appeal for business to moderate their protests over the meager increases in social spending that the government has instituted, the better to pursue a right-wing agenda.

Declared Singh, “We are committed as a government to work with industry for the transformation of our economic and social landscape. We do not believe in an adversarial relationship with industry but in a genuine partnership. We have worked hard to create a business friendly environment, an environment which is conducive to rapid growth.”



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