

# India: Re-elected Congress-led government to accelerate pace of pro-investor “reforms”

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The Congress Party-led United Progressive Alliance (UPA) has retained power in India's month-long, multi-phase election, having fallen only 13 seats short of securing an absolute majority in the 543-seat Lok Sabha.

The strong showing of the UPA—especially of the Congress Party, which increased its seat tally by 60 to 205—belied the projections of the political establishment, the Congress leadership included. Anticipating a hung parliament, the Congress, in the days preceding Saturday's vote-count, made very public overtures to parties aligned with either the rival National Democratic Alliance (NDA) or the Third Front. “We had not dreamt of such a result in our wildest dreams,” a “key Congress strategist” told the *Hindu*.

Congress Party President Sonia Gandhi and Prime Minister Manmohan Singh were quick to proclaim the election results a “massive mandate.” This is a gross exaggeration. The Election Commission has yet to publish complete results, but preliminary figures indicate the Congress increased its share of the popular vote from the 2004 election by little more than 2 percentage points, giving it a 28.5 percent vote share.

That said, the Congress Party and its UPA government have emerged from the elections greatly strengthened. The Congress Party alone captured just shy of 50 more seats than did all the parties of the principal opposition alliance, the Bharatiya Janata Party-led NDA, combined.

The Congress Party now has the luxury of choosing its parliamentary allies, including potentially poaching support from the NDA and Third Front. And it will be able to keep the regional and caste-based parties that are its allies—none has more than 19 seats—in line with the threat that any of them could easily be replaced by one or more of the parties now relegated to the opposition benches.

Indian big business has applauded the election results and is demanding that the Congress-led UPA use its new political strength to dramatically accelerate the pace of pro-investor “reforms.” This includes gutting restrictions on the closing of factories and contracting out, the whole or partial sell-off of Public Sector Units (government-owned companies), greater latitude for foreign investment in the retail sector, the opening up of India's booming arms industry to private investment, and the deregulation of banking and financial services (pensions and insurance).

“Industry,” said Federation of Indian Chambers of Commerce and Industry (FICCI) President Harsh Pati Singhania, “is happy that we have a verdict which is clear and not fractured ... This will help the government take quick and decisive action.

“We already have a 100-day agenda for the new government and we will hand it over to the prime minister as soon as he takes charge. Reform will happen with a much faster pace.”

Citing a massive drop in Indian exports, including a 33 percent drop in March, the President of the Federation of Indian Export Organisations, A. Sakthivel, urged the government to declare a tax holiday for his members. “Since the export sector is an employment-oriented industry,” said Sakthivel, “we should be exempted from paying income tax for five

years.”

The corporate media was equally emphatic in demanding that the government use its strengthened mandate to press forward with big business' agenda. Typical was a *Hindustan Times* editorial entitled “Use this historic victory.” It hailed the reduction in the strength of the regional and caste-based parties, whose factional struggles and populist promises have at times cut across the agenda of big business, and especially the Congress' “liberation” from having to secure the parliamentary support of the Stalinist-led Left Front, as it did for the first four years of UPA rule. Declared the *Hindustan Times*, “The choices provided by the flotsam of the Third and Fourth Fronts have been exposed for what they were; at best, professional nay-sayers; at worst, fly-by-night operators. But with the UPA now without albatrosses like the Left around its neck, we expect the Congress-led government to press its foot more firmly on the gas of reforms.”

And there is no question that the Congress leadership will do just that, beginning with a budget in late June or July. The chairman of the Prime Minister's Economic Advisory Council, Suresh Tendulkar, responded to the election results by saying, “Economic reforms would certainly be on top of the agenda of the government.”

The Obama administration also welcomed the re-election of the Congress-led UPA. At a US Senate hearing last week concerning his appointment as the Under Secretary of State for South and Central Asia, Robert Blake said Washington will soon be making proposals to “strengthen the strategic partnership that exists between the United States and India.”

The Indian elite very much views the Indo-US civilian nuclear treaty, which broke the international nuclear embargo against India and which was negotiated by Washington and New Delhi with a view to cementing a “global” partnership, as the signal achievement of the UPA government's first term.

## The Congress and the BJP

Several factors account for the Congress/UPA election victory.

As the result of a surge in exports and an influx of foreign capital, India has experienced annual economic growth of 9 percent for most of the past five years. The fruits of this growth have flowed largely to the most privileged sections of society. But conditions in rural India, where the bulk of the population continues to live and which has been gravely impacted by the neo-liberal reforms of the past two decades, did improve somewhat in recent years, due to increased remittances from family members in the cities, a succession of good monsoons, and modest increases in state investment in the agricultural sector and social spending. Particularly important in terms of alleviating rural distress have been a

loan-waiver program for indebted farmers and a National Rural Employment Guarantee Program that is supposed to provide one member of every poor rural household with 100 days of menial, minimum wage-labor per year.

The past seven months have seen a sharp fall in industrial production and exports and a dramatic deceleration of economic growth. But much of the population clearly accepted the Congress claim that the UPA is the best bet to return India to high and “inclusive” economic growth

Just as important in the Congress/UPA victory was the popular reaction against its opponents.

The Bharatiya Janata Party or BJP mounted a communally-charged, right-wing campaign. It attacked the Congress for being “soft” on terrorism, proclaimed that a BJP government would adopt a “muscular” foreign policy, including potentially cross-border strikes on Pakistan, and promoted L.K. Advani and Narendra Modi as the current and future faces of the BJP. A lifelong member of the fascistic RSS, Advani led the agitation to build a temple to the mythical god Ram on the site of a famous Ayodhya mosque that culminated in 1992-93 in the biggest wave of communal bloodletting in India since the 1947 Partition. Modi, the chief minister of Gujarat, incited an anti-Muslim pogrom in 2002 that resulted in the deaths of as many as 2,000 people and rendered 100,000 homeless.

The BJP was manifestly rejected by the Indian people. It won 116 seats, its worst showing since the 1989 elections and its NDA alliance fell to 158 seats from 174. Support for the BJP and its Maharashtra-ally, the Shiv Sena, declined in most major urban centers, including Delhi and Mumbai. While the BJP has in recent years implanted itself for the first time in a south Indian state (Karnataka), its support otherwise remains almost entirely confined to north and west India. Many of its MPs come from states such as Madhya Pradesh, Chattisgarh, Jharkand, and Bihar that are particularly economically backward and deprived.

Advani resigned as Leader of the Official Opposition Saturday, once the extent of the BJP’s losses became apparent.

The election results also represented a blow to many of the state-and caste-based parties that emerged in the 1980s and have played a decisive role in the formation of every government since 1996. Included among these are the Andhra Pradesh-based Telugu Desam Party (TDP), the Bihar-based Rashtriya Janata Dal (RJD), and the Bahujan Samaj Party (BSP), which falsely claims to represent the Dalits (former untouchables) and all the oppressed. If support for these parties has eroded, it is because of growing popular recognition that they are the vehicles of various grasping and corrupt local elites and because, their populist declamations notwithstanding, they have faithfully implemented the bourgeoisie’s program of making India a magnet of foreign investment and a cheap-labor producer for world capitalism.

### **A debacle for the Stalinist Left Front**

The biggest loser in the election, however, is unquestionably the Communist Party of India (Marxist) [CPM] and its Left Front. Their representation in the Lok Sabha has been slashed by well over half.

Five years ago the CPM and the Left Front were buoyed to their best result ever on a wave of popular anger against the increased economic insecurity and social inequality that have resulted from the bourgeoisie’s “new economic policy.”

No sooner were the elections over, than the Stalinists betrayed their working class and peasant supporters, by acting as handmaidens to the Congress, the traditional governing party of the Indian bourgeoisie.

Claiming that it was necessary to support the “secular” Congress against the BJP, the CPM and the Communist Party of India helped persuade other parties to join with the Congress in creating the UPA. The Stalinists played a major role in the drafting of the UPA’s Common Minimum Programme (CMP), which incarnated the Congress’ claim that it was possible to have “reform, but with a human face,” that it is possible to marry the interest and aspirations of India’s toilers with the Indian bourgeoisie’s drive to enrich itself and make India a great power.

The Congress was eager to associate the Left with its government, not only, or even principally, for reasons of parliamentary arithmetic. It recognized that the 2004 elections, which unexpectedly catapulted the Congress into first place, bespoke massive popular opposition to the bourgeoisie’s class strategy and was eager to use the Stalinists to provide it with a “pro-people” face and defuse a threatening situation for Indian capital.

For the next four years, the Left provided the minority UPA with the votes needed to remain in office, even as it protested that the Congress was pursuing rightwing socio-economic and foreign policies little different from those of the BJP-led NDA government that preceded it.

Ultimately, the Congress chose to be rid of the Left Front, after it balked at supporting the Indo-US nuclear treaty.

Meanwhile, in those states where it holds office, the Left Front came into open conflict with the working class and peasantry as it sought to attract domestic and foreign capital by curbing worker militancy, (including through the imposition of no-strike laws), slashing taxes, and establishing Special Economic Zones. In West Bengal, the Stalinists used bloody police and goon violence in an unsuccessful attempt to quash popular opposition to its expropriation of peasant land for Special Economic Zones at Nandigram and Singur.

In the 2004 elections, the Left Front won 61 seats, including 43 for the CPM. Five years later the CPM won just 17 seats and the Left Front as a whole 24. Not since 1951, have the Stalinists elected fewer MPs.

In West Bengal, where the Left Front has ruled for the past 32 years, the Left Front won 14 seats as compared with 35 in 2004. The rightwing policies pursued by the Stalinists enabled the Trinamul [Grassroots] Congress, led by the anti-communist demagogue and former-BJP ally Mamata Bannerjee, to pose as a defender of the toilers against the “pro-big business” Left.

In Kerala, where the Left was returned to power at the state-level in 2006 on a wave of opposition to the “reforms” carried out by the Congress-led government, it won just 4 Lok Sabha seats, while the Congress and its allies captured 15.

Having been dumped by the Congress last July, the Stalinists floated the idea of an anti-Congress, anti-BJP Third Front. From the standpoint of the interests of the working class, this was a political abomination. The Stalinists roped together a series of rightwing state- and caste-based parties, all of them former allies of the BJP and Congress, and claimed that they could form the basis of a “secular, pro-people” government.

In Tamil Nadu, the Congress and its DMK ally were able to taunt the Left by pointing out that its ally, the AIADMK, broke a Tamil Nadu government workers’ strike in 2003 by using strikebreakers and firing tens of thousands of workers en masse,

Even before the votes had been counted several of the Third Front partners, including the AIADMK, the TDP and the JD (S), were preparing to jump ship and ally with the Congress or BJP.

Responding to the election results, CPM General-Secretary Prakash Karat said, “We have suffered a major setback. This necessitates serious examination of the reasons for the party’s poor performance.”

It is common knowledge that a significant section of the party

leadership, especially in West Bengal where the CPM has developed intimate ties with big business, opposed last summer's decision to withdraw parliamentary support for the Congress-led UPA. Former CPM legislator Somnath Chatterjee has publicly called for Karat to resign. Chatterjee was named Lok Sabha speaker as part of the 2004 arrangements under which the Left Front rallied to the UPA's support. He was expelled from the CPM after he refused to resign the speakership when the Left withdrew its support for the UPA.

With the help of the Stalinists and under conditions of an unprecedented economic boom the Congress-led UPA was able over the past five years to implement the program of big business, while keeping a lid, albeit not without several crises, on the class struggle. The second UPA government will take office under transformed conditions, which will bring it into headlong conflict with the working class and oppressed masses. Already the world economic crisis has caused a dramatic fall in economic growth and a spike in unemployment. In response, big business is not only demanding an acceleration of pro-investor reforms, but that the government take urgent action to slash state expenditure so as to sharply reduce a combined Union-state government budgetary shortfall that is now in the order of 12 percent of GNP.



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