

While pledging its devotion to the poor

India's government lurches further right

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India's Congress Party-led United Progressive Alliance (UPA) government outlined a raft of rightwing objectives in last week's "presidential address." These included "disinvestment" of public sector units, the promotion of Public Private Partnerships, "stern measures to handle insurgency and left wing extremism," the equipping of India's military with advanced weaponry, and a further enhancing of India's strategic partnership with the United States.

A broad statement of governmental intentions, the presidential address is delivered by India's titular head of state on behalf of the government at the beginning of a new parliamentary session.

Addressing a joint session of parliament June 4, President Pratibha Patil said the first task of the UPA government, which was returned to power in elections last month, will be to "counter the effect of the global slowdown by a combination of sectoral and macro-level policies."

Both India's central bank and international credit-rating agencies have expressed concern about the burgeoning budget deficits of India's Union and State governments. But Patil signalled that the government believes its immediate objective must be to rapidly return India to 8-percent-plus growth.

The speech promised unspecified support for the most adversely impacted economic sectors, including export industries. (On a year-to-year basis, India's exports have fallen sharply in every month since last October, including dollar-dominated drops of almost one-third in March and April.)

The government also said it would promote a "counter-cyclical expansion in public infrastructure sectors."

While asserting the need for economic stimulation in the short term, the speech pledged that the UPA government will pursue "a medium term strategy of prudent fiscal management," i.e., that it will act to bring revenue and expenditure into better balance in coming years, and toward that end will take "innovative steps" to raise revenue.

"Innovative steps" is widely recognized to be a euphemism for partial or full privatisation of government-owned companies or Public Sector Units (PSUs), including highly profitable PSUs in the oil, coal, power-generation, and telecommunication sectors.

Big business has long demanded that the government accelerate the "disinvestment" of PSUs. The presidential speech commits the UPA government to developing "a road map" for disinvestment, while claiming, so as to defuse public opposition, that the

government will maintain 51 percent of the equity in the biggest and most profitable PSUs.

The speech proclaims Public Private Partnerships (PPPs)—which serve as a mechanism for privatisation, enabling capitalist investors to gain access to massive public subsidies and to strike deals effectively guaranteeing them high profits with little or no risk—as the solution to India's transport, telecommunications, and power generation and distribution woes.

Terming infrastructure "a key focus for the next five years," the presidential speech commits the government to removing "bottlenecks and delays" in implementing projects viewed by big business as vital if it is to profitably exploit India's large reserves of cheap labour. "Public Private Partnership projects," declared Patil, "are a key element of the strategy.... The regulatory and legal framework for PPPs would be made more investment friendly."

Similarly, the presidential speech committed the government to enacting new measures to attract foreign capital. "Our country," said Patil "has benefited from large investment flows in recent years. These flows, especially foreign direct investment, need to be encouraged through an appropriate policy regime."

The Congress-led UPA seeks to justify its emphasis on "pro-growth," i.e., investor-friendly policies, with the claim that only rapid capitalist expansion will allow the government to increase spending on education, health care, and poverty alleviation.

The speech was full of professions of the Congress' concern for the *aam admi* (common man), support for an "inclusive economy," and pledges to continue and expand "the ongoing flagship programmes for inclusion" (social support).

During its first term in office, when India was experiencing 8.5 percent average annual growth, the UPA did modestly increase social spending, including establishing a National Rural Employment Guarantee program that provides 100 days of menial, minimum wage work per year to one member of every poor rural household.

The government is banking on a rapid end to the world economic slump and renewed high growth in India, so as to be able to continue to pursue big business' program for restructuring Indian capitalism, while providing some sops for the poor.

The Indian media has pronounced the Congress' "inclusive growth" policy a winning electoral strategy. But much more than this is involved.

The Congress leadership, which used the services of the Stalinist-

led Left Front to provide the UPA with a “pro-people” cover from May 2004 through June 2008, is aware that India remains a social tinderbox. The president’s speech made veiled reference to this, describing the Indian people as “yearning for inclusiveness—economic, social and cultural” and warning “of the challenge of rising [popular] expectations.” Indian Prime Minister Manmohan Singh has himself warned that unless India is able to maintain average annual growth of in excess of 8 percent there will not be sufficient support for “economic reform,” that is the bourgeoisie’s drive to make India a major production and service hub for world capitalism

The presidential speech repeated Congress election pledges to introduce a National Food Security Act and to allow the most impoverished families to purchase 25 kilograms of wheat or rice per month for 75 Rupees (about \$1.50 US), But even as it did so, the government, mindful of pressure from big business for action to reduce the budget deficit, announced its intention to streamline subsidies and carry out “systemic reform” of the Public [food] Distribution System.

The government, declared Patil, “will steadfastly observe fiscal responsibility.... This will require that all subsidies reach only the truly needy and poor.”

Reaction in the name of fighting “terrorism”

It has been claimed that the UPA government’s hard-line response to last November’s terrorist atrocity in Mumbai—it passed draconian anti-terrorism legislation and issued a stream of bellicose threats against Pakistan—was driven by the need, in the run up to a general election, to counter charges from the Hindu chauvinist BJP that it was “soft” on terrorism.

But the re-election of the UPA and veritable rout of the BJP (it elected its fewest MPs since 1989) has resulted in no change in the government’s stance.

On the contrary, the presidential speech listed “internal security” as the government’s first priority. It vowed “zero-tolerance for terrorism” and to take “stern measures” to quell nationalist insurgencies in Kashmir and India’s northeast and to combat “left wing extremism,” a codeword for Naxalite (Maoist) insurgents. The latter have gained a following in some of India’s remote, tribal regions due to decades of government indifference and abuse and frequent state seizures of land for big-business resource projects.

The presidential speech committed government to implementing a long series of measures to improve “security,” including expanding Central and State police forces, creating Special Forces and Quick Response teams, and issuing a national identity card, within the next three years, to every Indian,

In respect to Pakistan, Patil said that New Delhi’s relations with its historic rival will be determined by “the sincerity of Pakistan’s actions to confront groups who launch terrorist attacks against India from its territory.” Concretely, India has suspended the

“composite peace dialogue” with Pakistan until it deems Islamabad has done enough to suppress anti-Indian militias, including Kashmiri insurgent groups.

The speech otherwise reiterated the UPA government’s intention to assert India’s claim to be a regional, even world power. It said India will continue to build up its military, which it hailed as “the nation’s pride,” and pursue “oil diplomacy,” that is partake in the geo-political scramble to secure foreign oil resources.

There is considerable concern in New Delhi that Washington’s preoccupation with the “AfPak War” and the pivotal US-China bilateral relationship could result in the US sidelining India. Nonetheless, the presidential speech made clear that the UPA government intends to continue to tilt sharply toward the US. Declared Patil, “The transformation of our partnership with the United States of America will be taken forward.”

India’s ruling elite rejoiced at the return to power of the UPA with a strengthened mandate, and it has responded favorably to the governmental program outlined in the presidential speech. The *Times of India* warned, however, that the government’s manoeuvring around “inclusive growth” must not become an obstacle to it taking unpopular decisions, including cutting back subsidies and deregulating oil prices. “On the whole,” declared the *Times*, “the UPA has built its political brand on the premise that it has a heart. Now’s the time to show it can combine that with qualities of the head as well.”

The United Nations Children’s Fund (UNICEF) meanwhile issued a report last week that shows, the UPA’s claims to have realized “inclusive growth,” notwithstanding the number of Indians living in hunger increased by 20 million during India’s recent “boom,” from 209.5 million in 2004-5 to 230 million by the end of 2007-8. “If there was no progress against malnutrition and hunger when growth was higher, how are you going to do it now?” asked Aniruddha Bonnerjee, an economic and social policy consultant for UNICEF.



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