

India: Kerala's Stalinist-led government pursuing pro-business agenda

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Kerala's three month-old, Stalinist-led, Left Democratic Front (LDF) state government is eagerly pursuing a rightwing agenda aimed at wooing domestic and international big business.

Led by Kerala Chief Minister and Communist Party of India (Marxist) Politburo Member Pinarayi Vijayan, the LDF is a hodgepodge of Stalinist and smaller regional parties. It is led by the Communist Party (Marxist) or CPM and its older, smaller twin, the Communist Party of India (CPI). It includes various split-offs from the Congress Party, the Indian bourgeoisie's traditional party of government and the LDF's main electoral rival in Kerala, a southwestern state with a population of almost 35 million.

So forthright have been the pro-business policies Vijayan has pursued during his brief tenure in office, sections of the corporate media are comparing him favorably with Indian Prime Minister Narendra Modi. An arch-right winger and rabid Hindu communalist, Modi has slashed social spending, lifted numerous caps on foreign investment, and accelerated "disinvestment," that is, the sell-off of state-owned companies.

The media was especially enthusiastic about Vijayan's appointment last month of Harvard Economics Professor Gita Gopinath as his chief economic advisor. The daughter of an Indian entrepreneur, Gopinath is a neoliberal economist with intimate ties to the US financial establishment. Her thesis advisor was former US Federal Reserve Bank Chairman Ben Bernanke. Among other high-profile appointments, she is a member of the Federal Reserve Bank of New York's economic advisory panel and a visiting scholar at the Federal Reserve Bank of Boston.

Gopinath has lavished praise on Modi's Bharatiya Janata Party (BJP) government for its pro-market reforms. Speaking to the press on July 28, Gopinath made clear she will be pressing for Vijayan to make good on his election promise to develop "a new paradigm" wherein investors to Kerala "are welcomed with open arms." Referring to previous periods of LDF government in Kerala, Gopinath said, "The economic policies of the Left had been having a

retrograde effect on Kerala's development... The State can't afford to turn its back on the fast-paced development of the world."

Vijayan and the LDF are hoping Gopinath will be able to leverage her connections with the World Bank and international financiers—she was named by the World Economic Forum as a "Young Global Leader" in 2011—to attract investors to Kerala.

In a presentation on Kerala's "development agenda" last January, Vijayan voiced support for Public-Private Partnerships (PPPs), a mechanism long promoted by the World Bank and IMF as a means of guaranteeing investor profit in state-backed infrastructure projects. In late May, just days after being sworn in, as Kerala's chief minister, Vijayan made short shrift of the CPM's ostensible opposition to the privatization of India's railways with the announcement that his government "will look into the possibility of bringing in private investment for the laying of railway track."

Gopinath's appointment has been bitterly criticized as contrary to party policy by V.S. Achuthanandan, a former Kerala Chief Minister and longtime rival of Vijayan within the CPM. But the Politburo rebuffed Achuthanandan's letter of protest and the Kerala state CPM heartily endorsed Gopinath's appointment.

Vijayan has also given the green light to the Kerala State Industrial Development Corporation (KSIDC) to hire the transnational consulting firm KPMG to advise the government on ways to enhance the "ease of doing business" in the state.

According to the Indian business daily *The Economic Times*, KPMG will conduct a study aimed at streamlining the state's regulatory framework. Initiated at the recommendation of the World Bank, the KPMG study will undoubtedly recommend the gutting of environmental and labor regulations so as to make Kerala's economy more "competitive," i.e. more profitable for investors.

Almost immediately on taking office, Kerala's CPM-led LDF government voiced its support for the national BJP

government's plans to introduce a regressive national Good and Services Tax or GST. The GST has long been near the top of the list of "reforms" demanded by domestic and international big business. While it will simplify business by eliminating numerous state levies, a chief reason it has the support of big business is that it will facilitate the further shifting of the tax burden onto working people and make the tax system still more regressive, by favoring the "savings" of the rich over the "consumption" of ordinary people.

Kerala LDF Finance Minister and CPM Central Committee member Thomas Isaac joined with the BJP in denouncing the Congress Party for proposing that the GST be constitutionally limited to no higher than 18 percent. Clearly oblivious to the plight to India's workers and toilers whose meager incomes have been squeezed by years of double-digit food price increases, Isaac said the GST should be at least 20 percent and possibly as high as 24 percent. The latter rate would make India's sales tax among the highest anywhere in the world.

Thomas's unabashed support for the BJP's plans to ram through quick adoption of the GST clearly caught CPM General Secretary Sitaram Yechury off guard. Two days after Thomas said his state would benefit from the BJP's GST bill, Yechury said the bill had "weaknesses" that needed to be addressed. However, only weeks later both the Congress and CPM endorsed token concessions from the BJP over the legislation and voted for the GST, ensuring that it was passed unanimously by the Rajya Sabha, the upper house of India's parliament.

The Kerala LDF government's pursuit of a rightwing, big-business agenda that will soon lead it into open confrontation with the working class and poor peasants and toilers is hardly surprising.

The CPM and CPI are an integral part of the bourgeois political establishment. Over the past quarter century, the Stalinists have propped up a succession of Indian governments, most of them Congress-led, that have implemented neoliberal economic restructuring aimed at making India a cheap-labor haven for world capital, and that have drawn India into an ever-deeper strategic partnership with US imperialism. Furthermore, in those states where they have led the government, the Stalinists have implemented what they themselves describe as "pro-investor" policies.

That said, the Stalinists further lurch right in Kerala is highly significant for two reasons.

First, because the state has become the CPM's and CPI's most important base of support in official politics. Apart from tiny Tripura, Kerala is now the only "Left"-governed state and most of the Left Front's MPs in New Delhi hail from Kerala. For more than three decades, the CPM-led Left

Front governed West Bengal. But its popular base was shattered by its pursuit of "investor-friendly" policies, including social-spending cuts, the banning of strikes in IT and IT-enabled industries, and the bloody suppression of peasant opposition to land expropriations for Special Economic Zones and other big-business development projects. Having fallen from power in 2011, the CPM was reduced to a humiliating third place in last spring's West Bengal assembly election and this despite forming an open electoral alliance with the Congress Party for the first time ever.

The second reason the developments in Kerala are significant is that they underscore that the bitter divisions in the CPM leadership over how close they should publicly ally with the Congress Party are entirely of a tactical and pragmatic character. Both factions are hostile to the working class and equally eager to regain influence within the bourgeois political establishment by proving the Stalinists' utility in containing and suppressing growing mass anger over chronic poverty and unemployment and rampant social inequality.

The Kerala CPM is the base of the reputedly "hardline," anti-Congress faction, yet the CPM-led LDF government in Kerala is unabashedly pursuing rightwing pro-investor policies as epitomized by Vijayan's appointment of Professor Gopinath as his top economic advisor.

And it is doing so with the approval and active support of Prakash Karat—Yechury's predecessor as CPM General-Secretary, the most powerful CPM leader from Kerala, and the head of the faction that wants the CPM to keeping its distance from the Congress and instead ally with a host of rightwing regional and caste-based parties in the name of building a "Third Front." Not only is Vijayan Karat's protégé, but he lobbied hard for him to be named Chief Minister.



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