

# OF INDUSTRIALIZATION AND DEVELOPMENT

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In West Bengal there is a constant propaganda campaign to brand anybody opposed to the Government's policy of providing lavish freebies to corporate capital as opponents of industrialization. It is very interesting as well as curious that even Professor Amartya Sen, who drew heavy flak by virtually giving a clean chit to Buddhadeb Bhattacharya, with some mild criticisms of course, is now all out to convince people of the need of industrialization in order to attack the problem of poverty. Clearly it is a kind of shadow boxing, because nobody with the normal level of intelligence can deny that industry is a necessity. Industries are there in West Bengal as in other states, and in terms of national income generated, contribution of the secondary sector to the economy is not insignificant. What is new about this cry of industrialization is that here big corporate capital, Indian and foreign, is cordially invited and all sorts of concessions are given to them, and fertile agricultural land is acquired for them. Workers' rights are curtailed to the maximum and if necessary, the police are employed to help the process of land acquisition. Farmers who lose their land and workers who live by working on this land lose their entitlement to work.

What is really meant by industrialization after all? In a standard text book on the Industrial Revolution in Britain, the author wrote, "By 1850 Britain was certainly more industrialized in that more of its people were engaged in manufacturing industry than in agriculture. Nearly 3.25 millions of its labour force were manufacturers, compared with more than two million who were agriculturists."<sup>1</sup> This statement gives an impression of what industrialization really means. The Government of West Bengal has been advertising that big investors are showing interest in West Bengal and the aim is employment generation. How much employment is to be generated with the help of the proposed quantum of investment with highly capital-intensive techniques, which are more often than not imported from abroad, because Indian big capital never had a tradition of developing indigenous technology?

The Marxist ministers are quite emphatic in suggesting that a farmer's son cannot stick to his hereditary occupation for generations. True enough. But where should they go? Will they be employed in manufacturing? If Singur is considered a model of the CPM-brand of industrialization, the answer is clearly in the negative. The rapid pace of growth of industrial output during Industrial Revolution demanded, increasing doses of labour to be drawn from agriculture. Yet the Revolution covered a time span of about one hundred years. How long will it take West Bengal to be industrialized in the real sense of the term in Buddha Babu's vision of industrialization? This is a vexing question because although he has been making tall claims about employment generation in Singur, all know that in the agreement between the state Government and the Tatas on the ongoing automobile project, there is no mention of employment. One may well conjecture that either Buddha Babu is misleading or that he knows virtually

nothing about what industrialization means. Providing employment to some engineering graduates only does not mean industrialization. Development of today does not consist simply in whetting the appetite of corporate capital and satisfying it by offering whatever concessions they demand. It is useful to have a glance at the pattern of industrial development India has been experiencing for the last two decades. The industrial growth is quite impressive on the surface. But it is also well known that the industries that have registered the highest growth belong to what can be called non-basic consumption goods by common Indian standard. Production of motor cars, scooters and motorcycles, colour television sets, washing machines, mobile sets etc has registered a high rate of growth, and the rate of growth of production of cloth, oil and soap for common consumption, bicycles etc is correspondingly low. In the villages, it is not uncommon to see motorcycles and scooters moving fast over short distances, and frequently overtaking pedestrians who cannot afford even a bicycle. This shows that the income and entitlement of a large section of the people having remained virtually stagnant, i.e. having suffered relative decline, the 'market-oriented development' pattern has gradually shied away from them. In the polls, everybody has a vote, but the law of the market has another kind of voting pattern. The larger the purchasing power a person possesses, the greater the number of votes he commands.

Everybody can understand that it is unethical to talk about industrialization in isolation without making clear its purpose. The Chief Minister and his government are talking about employment-generation. If the construction of an automobile project on forcibly acquired land creates high-salaried jobs for some but displaces many more from their earlier means of livelihood without offering a better world for them, one cannot mindlessly characterize such projects as beneficial to development, whatever the sentiments of the privileged, aspiring, pro-globalization and unscrupulous sections of the middle classes may be. On any count, not less than ten thousands of people have lost the right to work owing to the automobile project in Singur.<sup>2</sup> When Mr Buddhadeb Bhattachaya claims that the face of the place would drastically change owing to the automobile factory, he clearly ignores what will happen to those who have already been displaced from their entitlement to work. He talks about income generation but refuses to examine where the new income goes. Prof Amartya Sen, in a recent article, has opined, "It is not hard to see that the industrialists might favour, for reasons of relative costs and the ability to attract good management, locations that happen to involve fertile land (Singur's proximity to Calcutta clearly moved the Tatas), and it is also true that the new industries can generate large incomes much larger than the agriculture it replaces, even when based on multiple-cropping. But we also have to see where the new incomes go. The worry about the subsistence and living standard of the owners and cultivators of acquired lands is not, thus, misplaced, though the problem would be far less had the land transfer followed sales rather than compulsory acquisition. There is surely much to discuss here."<sup>3</sup> This comment is perceptible enough, but it misses one important point, namely that the area that has been acquired used to provide employment to many who were not landowners. They include (a) registered and unregistered bargadars, (b) agricultural labourers (c) vegetable vendors, (d) people living on animal

husbandry and using pasture lands, e) people who come to work from outside by train, commonly known as *garir kiashen* (f) seasonal workers coming from distant places, (g) persons working at the cold storage. There is no guarantee that acquisition of land through sales and purchases would have solved the problem of these people. It is not good economics to leave this consideration to be decided by the market. It is here that the state has a definite responsibility. Here the state has played a role, of course. It acquired land by force and has given it to the Tatas almost free of cost, while giving some compensation to the landowners, cultivating as well as non-cultivating and paying *bargadars* a small part of the compensation money. The non-sharecropping toilers have been left out. Thus a huge drain has been put on the public exchequer for appeasing the Tatas. There have been three cases of suicide by the fanners of Singur, along with the rape and killing of Tapasi Malik. Who masterminded the rape and killing is anybody's guess. The Tatas and their political agents have the right of choice, but the peasantry does not. And this is the path of development which Manmohan Singh and his faithful Marxist disciples have prescribed for the nation, of course at the behest of institutions like the IMF and the World Bank.

What is interesting and intriguing is that the pattern of industrialization advocated by Buddhdeb Bhatta-charya and his party conforms nicely to the structural distortion in the production of industrial goods that India has been witnessing. Four wheeled cars are not essential goods from the point of view of the majority of the people, even if it can be offered at a somewhat cheaper price. The logic of the efficient market miserably fails here, and talks about taking advantage of modernity and globalization sound like dishonest pieces of black humour. The distortion has been accentuated owing to the rise in inequality. On any count, inequality of income and entitlement in India has increased since the inauguration of the New Economic Policy, which, however, was a sequel to the crisis of macroeconomic management that had made its appearance seriously in the eighties of the last century. For West Bengal too, this is a fact that, cannot be denied by Left Front Government. The distorted structure of industrial development is largely a product of this inequality, which, combined with poverty, has narrowed the internal demand base for industrial goods. The IT sector is frightfully dependent on external demand. Reliance on the domestic affluent and foreign customers for demand can hardly be a sustainable path of development. A particular industrial group may decrease employment and increase labour productivity, and thus enhance profits. But such a general trend is certain to reduce total employment and curtail domestic demand, which may well defeat the purpose of profit maximization in the long run.

Yes democracy? Professor Amartya Sen has emphasized this point and has called for more discussion. But the point is: how can the broad masses be made to participate in the process of development. When the Government evaded the panchayets at the time of deciding to acquire land in Singur and Nandigram, it certainly violated the principle that it has been claiming to have implemented; decentralization of power through panchayets. In Nandigram, the initial mobilization of public opinion was made by holding sittings of gram samsads, i.e. the lowest level of the panchayets, and collecting signatures.<sup>3</sup> Although the CPI (M) has recaptured Nandigram by means of its armed might, and the ghastly

barbarity committed there have rightfully evoked the memory of Jalianwallahbag, the CPI(M)-led Government has had to abandon its policy of acquisition, and following a High Court directive, has been forced to pay compensation to the identified victims of the barbarity of 14 March. The latent power of mobilization through *gram samsads* was thus demonstrated.

If *gram samsads* can be an instrument of struggle, they can be turned into an instrument of development as well. If through decentralized decision-making, the vast army of underemployed labour force in the countryside can be utilized at decent wages for productive construction purposes, this will certainly create a much more widespread infrastructure of industrialization that is bound to interest many industrialists, big, medium and small, and hence create much industrial employment. On the other hand, with enhanced income in the hands of this labour force, there will take place a vast expansion of the internal market for mass consumption goods. This point is important in view of the fact that a sizeable section of the population does not get the minimum calorie requirement and minimum clothes, simply because effective demand on their part is lacking. Given the present resource endowments of the country, supply of ingredients like cement and steel should pose no serious problem to such a programme of infrastructure building. It must be kept in mind that at present, three major industries, cotton textiles, steel and cement are running with excess capacity. With huge reserves of foreign currency in the hands of the state, essential imports should also not be a burden. Besides, it should be emphasized that such a programme will require the employment of many persons too, not unskilled labour only. Besides infrastructure building and expansion of the internal market for industrial mass consumption goods, successful implementation of such a programme is bound to reduce income inequality and rural-urban disparity. If decision-making can be made somewhat decentralized, it will also inculcate in the masses a sense of participation in the development process. On any count, this is a far better option than the rabid competition among states for wooing big corporate capital.

There is however a counter argument frequently paraded by the ideologues of the CPI(M), and echoed by other supporters of neo-liberal economics. The argument is that neither the central government nor the state government has the necessary financial resources without which such a programme cannot be undertaken. This self-styled champions of imperialist globalization forget that mankind invented the use of money in order to facilitate the exchange of goods produced by mankind itself. In a broad sense, money should not then be a problem. As one noted authority has succinctly said, "Government economists and finance ministers often take pride in being 'practical men' and consider only the financial aspect...It confuses the micro-economic logic of an individual with the macro-economic logic of how the whole economy works. The economic logic of the individual is easy to understand, because it amounts to book keeping, or budget making by a household or the government. So this financial aspect looks commonsensical. But it goes wrong when thinking about the economy in real terms."<sup>4</sup> But this general view, although an entirely correct one, does not negate the need of offering a concrete solution to the financial problem. It is true that under the Fiscal Responsibility and Management Act the hands of the

Government is tied, although this act has pleased foreign lending agencies like the World bank, the IMF and foreign commercial banks. A really pro-people Government would not have enacted such an Act. But there are other options as yet. The Government can issue securities and raise money. So long as the Indian money-using public has confidence in the rupee, there should be no problem in continuing such a process.

Now there is a pertinent question: can a state government raise the financial resources necessary for such a programme? The answer should be in the affirmative. First of all, the state government can issue its own securities. Secondly, it can impose special 'development taxes' on the affluent and the privileged of the state. If these sections of the people can be made to sacrifice a part of their privileges, the path of decentralized development would be cleared, at least as far as provision of initial finance is concerned.

It is here that the problem becomes transformed from an economic into a political one. The CPM-led Left Front Government of West Bengal and its policy makers of the Alimuddin Street do not simply have the courage to incur the wrath of the privileged that are in general supporters of globalization. These people are ardent supporters of Buddhadeb Bhattacharya's programme of industrialization. A party and a government that are already committed to the cause of the Tatas, the Ambanis and the Salims can hardly afford, to make the affluent pay the price of 'development'. The commitment to the big corporate sector and foreign multinationals has another advantage. It compensates for the erosion of support among the lower and vulnerable sections of the people.

**Notes :**

1. Phyllis Deane : *The Industrial Revolution*, Cambridge University Press 1960, p-255.
2. For relevant information, see Dipanjan Raychaudhuri, *Silpayan Rupakatha O Bastab*, (Industrialization-Myth and Reality) Camp, Kolkata 2007.
3. Amartya Sen : Policy by Discussion, *The Telegraph*, 31 December 2007.
4. Amit Bhaduri : *Development with Dignity*, National Book Trust, 2006, p-61.