

## THERE IS AN ALTERNATIVE

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The outcome of the recent panchayat polls of West Bengal is a pointer to the fact that the electorate, particularly those at the *gram panchayet* level, has not at all swallowed the CPI(M) programme of development and industrialization. It is not that the reaction was everywhere based on this issue, because it was not directly related to the life of the people in most places. It is interesting that even after the mobilization of its power of money and muscles on a large scale, the CPI(M) failed to sustain its much-flaunted 'sunrise' in Nandigram. Singur also showed the same result.

Yet those progressive who are jubilant at the defeat of the CPI(M) have reasons to worry. First of all, the anti-CPI(M) votes have dominantly gone to the coffers of the Trinamul Congress or the Congress or the BJP; none of these parties have opposed the policy of globalization in principle, nor do they have any proper understanding of the principle of industrialization as propagated by Bengal Chief Minister Buddhadev Bhattacharya. In Nandigram, the policy of the Trinamul Congress, aimed at eliminating all other anti-CPI(M) forces, did not carry conviction with the people, yet the people, who lost independent initiative over time, voted for the Trinamul Congress, because the CPI(M) seemed to them a much greater evil. In fact, a close look at the results of the elections since the inauguration of the New Economic Policy in the early nineties of the last century reveals that the people in general, except those who are doing well in this era of globalization as well as those who are dazzled by its lures and hoping to benefit by it, have rejected the New Economic Policy. But the trouble lies elsewhere. Those who feel their interests harmed exercise their franchise against the ruling party, often defying threats and temporary lures. In this sense their exercise of the right of voting assumes something like a struggle against globalization. But when those who are voted to power follow the same course of action with some minor variations, it appears that the same relations of domination-subordination prevail. Of course, the people gain temporary victories through votes, but such victories, without independent popular initiative, finally do not amount to much.

Hence the task among the sincere workers for the people is formidable. First of all, a proper understanding of what is being paraded as 'industrialization' and 'development' is needed. The pattern of industrialization that is being followed is primarily aimed at standing up to global competition by cost-cutting measures. The Indian corporate bourgeoisie do not have any tradition of independent technological development, hence they have to resort to reduction of the wage bill and raising labour productivity as the most effective means of cost-reduction. That explains why there has been a raising of output along with a progressive decline in regular employment in TISCO. In Tisco, the output went up from 1 million tons to 5 million tons during 1991-2005, while the number of employees went down from 85000 to 44000<sup>1</sup>. The same attitude of the Indian corporate sector also explains why in their contract with the West Bengal Government, the Tatas have not given a single promise on employment. It is amusing as well as

hypocritical on the part of the Chief Minister of West Bengal to go on talking about employment generation in Singur, simply because the type of industrialization he has been advocating is not employment-oriented. Rather such sort of industrialization is likely to lead to the loss of employment on the part of many.

When a serious observer looks at the pattern of India's industrial development, he is struck by a stark fact. The emphasis is on the production of non-basic goods, on the employment of relatively few high-paid technical staff, and on the capture of a small domestic market to be supplemented by a foreign market. Sometimes the export of service takes the form of the so-called 'business process outsourcing' which provides employment to some at wages that are decent or even high by Indian standards; but converted into dollars, they are significantly lower than what the average American may demand for such services. Thus through the expansion of the information technology sector, another enclave type development has taken place in the economy. From the demand side, the market for non-basic goods will expand as a result of such expansion.

It is of course true that the main body of economists as well as big newspaper groups is supporting this type of industrialization and 'development' on the ground that otherwise India will have to remain isolated from the developments in the world. This is one view, continuously and powerfully propagated ever since the official declaration of the New Economic Policy or ever since the official declaration of the New Economic Policy or even earlier, with the vigorous launching of the policy of export promotion in the eighties when Indira Gandhi was combining her politics of intensifying internal repression and creating a war-psychosis with greater integration of the Indian economy with the world market. This integration was, of course not based on equality; rather it was the tightening of the grip of advanced capitalist powers on the Indian economy.

Among those who are in favour of some moderation in applying the policy of 'openness' is Professor Amartya Sen. One can recall that Professor Sen once praised the South Korean economic performance by saying that the economic authorities of that country had combined state *control with openness*. Professor Sen when he made this remark in the eighties of the last century, was possibly not sufficiently aware that too much foreign portfolio investment was pouring into South Korea and that the income of the rural population had been stagnating, a fact pointed out by the profoundly analytical Marxist economist Samir Amin. With the disaster overtaking the South Korean economy in the early nineties, the myth propagated around it also collapsed. In the Indian case, Professor Sen's comments are also interesting. In an interview with a leading English daily, he advocated in favour of Buddhadev Bhatta-chary's policy of industrialization, arguing that the industrialists should be given the freedom of choice regarding the location, while remaining silent over the issue of whether the same freedom should not be extended to farmers. He also argued that if the market increases income, it would bring more revenue to the government for spending on health and education. Here too he ignored how various types of concessions are granted to big corporate capital, and how there has been taking place a concurrent deterioration in the quality of public health and educational services. Later, he qualified his position somewhat and said that the government should have

discussed the situation with farmers beforehand. He added another qualification, suggesting that not only the level of income generated, but also the distribution of this income has to be considered<sup>2</sup>. But Professor Sen did not spell out how a fairer distribution of income could be ensured within the prevailing pattern of industrialization and development pursued by persons like Narendra Modi, Chandra Babu Naidu, Buddhdev Bhatta-charya and above all, Manmohan Singh.

One indication of the bankruptcy of the policy makers is the fraudulent exercises they have to resort to for presenting understatements of the incidence of poverty. The fraudulent exercise consists of two parts (1) to isolate poverty from nutritional requirement, (2) to replace the method of estimation of consumption expenditure by means of the NSS by an indirect method<sup>3</sup>. The result is an astonishingly low estimate of poverty. The official exercises on poverty show how the economy is actually moving.

Of course, some economists as well as sincere democrats are trying to find an alternative policy of industrialization. One of the foremost names is of course Professor Amit Bhaduri who notwithstanding his long career as a practitioner of the discipline of academic economics, has tried to descend from the ivory tower and on the basis of his investigations, knowledge of the Indian economy and theoretical insight, has formulated alternative patterns of industrialization.

The main thrust of Professor Bhaduri's argument is not the priority to the expansion of the so-called 'development' process, but the priority to productive employment. He has emphasized the need of ensuring employment at a decent wage for all Indians within a specific time-period. If this is successfully accomplished, he has argued, there will be a large expansion of the internal market for basic consumption goods and the need for external market will be much reduced. He has also pointed out clearly and correctly that since the majority of the population lives in the countryside, the experiment for such a development process should be launched in the countryside. At first he emphasized construction works for the creation of infrastructure and expansion of the internal market. To quote from his now-famous monograph "Development with Dignity, "The broad strategy of initiating this process of development would consist in devising an imaginative combination of rapid expansion in the domestic market and purchasing power of the poor people with their participation in building decentralized productive capacity. This has to be done mostly at the level of gram and nagar panchayets. In broad outlines, the expansion in purchasing power would come from public works financed initially, if necessary, through deficits of central and state budgets. The public works could consist of projects relating to a range of activities like rural communication, warehouses, local water management schemes, watersheds, school buildings, health centres, local forestry works etc. So long as excess capacity exists, the increase in supply would come both from better utilisation of capacities in the short run, and additional productive capacity created in the longer run through these new projects."<sup>4</sup> He has later extended his formulation in the sense that not only public works but the production of finished goods having local demands, i.e. goods that may be produced with highly capital intensive techniques, may be

undertaken<sup>5</sup>. He has argued that these activities may be supervised by *panchayets*. He has also suggested that such a pattern of development on a nation-wide scale may be financed by printing notes or sale of government securities.

Professor Bhaduri's model is logically consistent enough. Given a considerable stock of foodgrains in government warehouses and excess capacity in industries like cotton textiles, cement and steel, additional demand should not lead to any inflationary pressure in the short run and in the long run the creation of infrastructure and local initiative in production are certain to lead to larger supply of goods and services.

But two problems must be kept in mind. One is the class division inside the countryside. Those who hold power in the *panchayets* are in most cases opposed to such programme, and the state that is subservient to the interests of big corporate capital is not likely to be interested in implementing it. Hence a vigorous mass movement—such movements may in places well take the form of uprisings—is needed to force the state to sponsor such a big enterprise. The second problem is that the successful expansion of the rural market is likely to lure big players to capture it by pushing local entrepreneurs out of the scene, even at the cost of temporary losses. Hence local entrepreneurs must be given special assistance in the procurement of raw materials and sale of finished products. How far that will be successful cannot be said with any degree of certainty.

Yet mobilizing public opinion in favour of such an alternative and popularizing it among the rural masses is the need of the hour. Otherwise the TINA (there is no alternative) syndrome will prevail. This TINA must be rejected lock, stock and barrel, although those who fatten themselves on growing inequality and are always vociferous about the benefits of globalization and liberalization will hold on to it. The current need is to beat back the hypocritical propaganda campaign that very much holds sway.

**Footnotes :**

1. Dipanjan Rai Chaudhuri : *Bhranta Silpayan; Bikalper Sandhan* (Mistaken Industrialization; Search for an Alternative), Kolkata-2008,p-50.
2. Amartya Sen : Policy by Discussion, *The Telegraph*, 31 December 2007.
3. S R : The Politics of Poverty, *Frontier*, March 2-8; 2008.
  3. Amit Bhaduri : *Development with Dignity*, National Book Trust, 2005, p-71.