

# Middle Class and NEP

AB

A recent development of grave socio-economic concern has endeared Mr Manmohan Singh to one section of the salaried middle classes, while sharpening the social contradictions inside the country. One is the unexpected rise in the salaries of government employees, college teachers, schoolteachers, bank employees and some other sections. It is very much interesting that one section is justifying its pay increase by referring to some others; for example, college teachers are referring to bank officers for self-justification. But the point is : what this pay rise is all about? It can be recalled that when the world recession hit the Indian economy, the sectors that were immediately hit were the export-oriented industries and the share market. The negative multiplier effect came to affect the domestic market because of loss of employment and reduction of pay in many industrial units and business concerns. The government came to the rescue by lowering the interest rates and other monetary measures. But that was scarcely enough. Hence the alternative of high doses of government expenditure has been tried. The unimaginable rise in pay is one component of it.

It must be remembered that this rise cannot be considered as merely one of a series of demand-boosting measures. This pay rise, the government most probably thought, would expand the domestic market for non-basic consumption goods---non-basic by Indian standards--- and help the corporate sector to grow. Even a cursory glance at the pattern of Indian industrial development shows that for at least three decades, and particularly after the introduction of the New Economic Policy, corporate industrial investment has been geared more and more towards the production of these goods. Once a competent observer called it 'structural retrogression'. The corporate sector cannot overnight change its investment pattern and concentrate on the production of mass consumption goods. Hence the demand for those goods that would prevent the rate of accumulation of capital by the corporate bourgeoisie from falling must be maintained. This is the simple logic.

It is a stark fact that the broader sections of the Indian people have not been able to accept this pay rise without discontent. This is quite natural, because the pay hike has largely accentuated the already existing disparities between these sections and the common masses. Of course, there are apologists. For example, a professor of economics at a British university, himself an Indian, has found it convenient to write in a leading English daily that a professor in India, even after the latest pay hike, would not get even a half of what he would be paid in Europe or America even in terms of purchasing power parity. The professor has lost sight of the fact that in the USA, the average per capita income is seventeen times higher than that in India. One may construe that such misses are the result of the influence of globalization. Compared with the national average per capita income, college and university teachers' pay in this country, as it stands now, is much higher than that in the USA. Hence Indian teachers, along with various kinds of government employees and bank officers, have reasons to be grateful to

Manmohan Singh and his New Economic Policy. The corporate sector should also remain grateful to the Prime Minister for his own way of crisis management.

The other side of the picture is, however, less agreeable. Those who care a little to visit the countryside must be struck with the glaring spectacle of squalor. The Government and its mentors running the Planning Commission have been trying to convince the articulate public opinion that the incidence of poverty has declined drastically. According to their estimates, in 1993-94, 37.3 percent of the rural population used to live under the poverty line, and this ratio came down to 28.3 percent in 2004-05. In an article published a little more than two years ago by Mrs Utsa Pattanaik, the fraudulent nature of the Planning Commission's exercise was exposed. Mrs Pattanaik showed that considering the minimum nutritional requirement per head for the rural population to be 2400 calories per day, about 74.5 percent of the rural population lived below the poverty line in 1993-94, and it rose to be 87 percent in 2004-05. This view is corroborated by the report of the National Commission for the Unorganized Sector, better known as Arjun Sengupta report.

But then why such exercises? One reason readily suggests itself. A honest calculation would reveal the enormity of the problem. To address the problem in a meaningful way would be to undertake a massive programme of redistribution of income and entitlement. But this is what is repugnant to the outlook of the corporate India because their prosperity, on the demand side, is founded on a market based on the demand generated on the part of a small section of the population say five to ten percent. With the fall of the export market in consequence of the recession in the western world, this is of paramount importance. Redistribution of income and entitlement through a method of non-inflationary financing, on the other hand, must entail some sort of drastic taxation of the billionaires and alongwith it, reduction of various kinds of subsidies given to the overlords of finance. But the implication of this, for all practical purposes, is the collapse of the New Economic Policy that Manmohan Singh and his colleagues stand for.

It is true that the New Economic Policy has roused aspirations among the middle classes, without however reducing their problem of unemployment. Cases are not uncommon that even lower division clerks are seen sending their sons and daughters to study management or engineering or medical courses costing per year not less than three lakhs of rupees. The money, however, comes via the channel of bribery. The fall-out of the rising expectations of the middle class people is the growth of self-centrism and the aggravation of social tension, because the less fortunate among the aggrieved is becoming frustrated and restive.

The Prime Minister has constantly been pronouncing the idea that the Maoists constitute the biggest threat to the country's security. But if a person has even a little respect for democratic values, not in the narrow sense of voting rights, he will agree that the conditions of the people in the regions penetrated by Maoists continue to be a reason for revolt, Maoists or no Maoists. What is Manmohan Singh really trying to achieve? Does he want to suppress the political activists called Maoists? Or does he want to suppress the popular discontent? The

fraudulent exercises on poverty are somewhat indicative of his real intentions. Many other indices may be found.

So, what constitutes the biggest threat? The biggest threat is the New Economic Policy backed by the might of the state. This policy must be defeated lock, stock and barrel by means of a continuous struggle on all fronts. Of course, mindless acts of violence are only counter-productive and it really harms the prospect of such struggles in the long run. □□□