

NOTE

Of Economy and Naxalism

Bharat Jhunjhunwala writes :

Home Minister P Chidambaram has initiated a military campaign to stamp out the Naxalites from the face of the country. CPM and BJP support the effort. But the military campaign is like administering pain killer to a cancer patient. It does not cure the disease. Parallel measures are required to remove the causes of generation of the cancerous cells. In absence of such measures, the pain killers make the disease worse. The Naxalite movement fed by wrong economic policies cannot be contained by the use of more police force.

The growth of Naxalite movement seems to follow the course of economy. According to the Economic Survey published by the Government of India, the per capita income of the people of Bengal and Bihar grew by a paltry 21 and 30 percent respectively in the eighties. At that time Bengal was slipping and was the centre of Naxalite activities. The situation changed in the nineties. Bengal grew at 83 percent and Naxalite activities subsided; while Bihar slipped at (-)10 percent and has since become the centre of those activities. The implication is that economic growth at the ground level is necessary to contain Naxalism. Poor youth are attracted towards Naxalism in absence of the same.

It appears that Dr Manmohan Singh recognizes this. Possibly he has given much importance to Mahatma Gandhi Rural Employment Guarantee Scheme (MRES) for this reason. He seems to think that the educated youth will be satisfied with 100 days employment and abandon Naxalism. But Dr Singh has no policy whatsoever for the creation of jobs in large numbers. In fact, the economic reforms started by Dr Singh are the cause of the problem, not the solution. Dr Singh has given full freedom to large companies to destroy the jobs of the poor. They are allowed to produce soap, bottled soft drinks and cloth using automatic machines. Large companies are making huge profits since they use machines to produce these goods at lower cost. But jobs are shrinking in the process. According to the Economic Survey, the number of jobs in the organized sectors has been declining. 282 lac persons were employed in the organized sectors in 1997 against only 264 lac persons in 2005. And yet they think job losers and new job seekers won't be attracted to naxalism.

The economic policies implemented by Dr Singh contain an explosive mixture of increasing inequality and decreasing employment. Land reforms are not a part of the economic reforms. Protection available to small industries is being withdrawn. Cottage soap manufacturing units, Rasvanti and handlooms are being decimated. Now Dr Singh's government wants to use police force to contain the Naxalite activities fueled by these economic policies.

Schemes such as MRES will not be able to contain this disaffection among the people. Money for the MRES is collected by imposing more tax, especially income and corporate tax, on the rich. In other words, increasing wealth of the rich is the

basis of MRES. The success of the scheme is predicated on a handful of rich persons earning huge incomes. The government will tax a small part of this income and provide minimum subsistence to the poor from that revenue. There is no sense of controlling inequality in this dispensation. This is quite opposite to the land reforms wherein land is taken from the rich and distributed to the poor. The poor feel less angry towards the rich after land is distributed because the rich are less rich now. The anger felt by the poor increases in the MRES because higher profits by the rich are the bases of this scheme.

Another difference in the two schemes is regarding the opportunities of growth provided to the poor. The educated unemployed youth will get job for 100 days in which they will do manual works such as digging foundations or carrying mortar for the construction of roads. They will get only subsistence and their anger due to increasing inequality remains. In contrast, he can grow paan or coconut or sell milk if he gets land. He gets an opportunity to express his full human potential. He buys, sells, learns about new technologies, etc.

Third difference in the two schemes is regarding the tyranny of the government machinery. The MRES is implemented by the government employees. The implementing agencies like the panchyats act merely as sub-contractors of the government. The beneficiary remains dependent upon the political system which stands tall above him. The government machinery representing the urban rich provides benefits to the rural poor. In contrast the government employees stand on the side of the poor in the implementation of land reforms. They work in tandem with the poor to deprive the rich of excess lands.

Schemes like the MRES will be wholly unsuccessful in containing problems such as Naxalism. Indeed, the problem will not be solved even by the implementation of land reforms in the present times. On a long term reckoning, the prices of agricultural produce are declining and agricultural activity has turned into a loss proposition. The increase in prices in the last one year only marginally compensates for the decline that has taken place in the last 50 years. Further, land has been fragmented due to increase in the number of persons in the family. Thus, it will be necessary to put in place other employment-generating economic policies such as providing protection to small and labour-intensive industries, less taxation of labour-intensive industries and higher taxes to be imposed on job-eating technologies like harvesters and excavators. But the rich do not like these policies hence Dr Singh's economics has no place for them. In consequence, Dr Singh first pushes the youth into Naxalite activities by rendering them unemployed and then aims to control them by the use of police force. □