

‘Living Without Possession’

LINGERING INFLATION HAS BECOME THE BIGGEST HEADACHE FOR ordinary Indians and it is more so after the recent hike in prices of petroleum products that will have an all-round cost-push effect. Faced with untamed prices, the low-income group and toilers in the unorganised sector are suffering most. Food prices—the main driving force of inflation—have been soaring at more than 10 percent for quite some time and yet the Sultans of Delhi are not worried about it. Their efforts to rein in inflation are too clever by half. They are more worried about American pull-out from Afghanistan, not inflation. ‘After the killing of Osama bin Laden there is no excuse for the US presence in the region’. And now the policy-makers in New Delhi are trying to woo the American business community by conceding their one unjust demand after another. While addressing the US-India Economic and Financial Conference Union Finance Minister the other day assured American businessmen in no uncertain terms that more ‘reforms’ were in the offing. As if the present level of liberalisation is not enough, so they are all set to build consensus on further liberalisation of FDI policy in the retail and defence sectors.

Americans are keenly looking at the opening of the multi-brand retail business to foreign investments. But their swan song of high growth story has not many takers as the Union Finance Minister pegged India’s GDP at 8.5 percent while admitting the bitter truth that inflation was hovering around 9 percent. But the market reality is otherwise. They have dubious mechanism to show low inflation rate, albeit price spiral has already eroded purchasing power of even middle income groups, not to speak of low income groups, beyond tolerable limits. An overwhelming sense of helplessness seems to have gripped India, from common people to well-off householders and everyone in between as prices are soaring and soaring defying all official measures.

The mandarins in Beijing—the showpiece of emerging superpower—are honest to admit the hard fact that stabilising prices and preventing rampant inflation are the Chinese Government’s biggest challenges this year. But it is not so in India. Here it is business as usual. Data of National Bureau of Statistics show China’s Consumer Price Index (CPI), a broad measure of inflation grew 5.3 percent in April, after recording a 32-month high growth of 5.4 percent in March.

In India there is no comparable data showing how much the poor spend on food as food inflation has long crossed the double digit. Inflation is virtually draining life out of the economy but India’s Finance Minister sees in the present rate of inflation a tolerable limit. The problem has literally cast an ominous shadow over the country and the gospel of high-growth syndrome doesn’t sell. Even the red-hot Chinese economy is not growing at double digit rates and for the first time in more than two years China’s auto industry records negative growth.

The point at issue is why political parties, particularly left parties including parliamentary blocks of the naxalite camp, never try to make a case out of price rise as if it is as natural as anything else. Market rules and they have nothing to do. But once upon a time the issue of price rise helped the broad left build powerful mass mobilisation. These days it is tokenism all the way—a bandh or two against the government decision to hike prices of petroleum products and then everybody goes in calculated hibernation.

The official left has no future in this parliamentary imbroglio. The same is true of the far left as they too don't differ basically from the official left in their approach to the pressing problems. If masses organise themselves on their own they just intervene to reap political mileage. All politics is local. And only localised movements hit the headlines every now and then while all political parties play it safe by not agitating over any national issue that affects millions across the country.

As government has no plan to stabilise prices, and political parties are reluctant to do anything unless there is an election, man on the street will have to live with high inflation. What is more Finance Minister went a bit philosophical as he said 'to be very frank what shall be acceptable and what can be tolerable level of inflation is very difficult to define'. He has reasons to remain vague on price spiral and inflation but the left on its part is equally lack-lustre in defining inflation and its overall impact. □□