

CONFUSING INFLATION SCENARIO

Inflation is inflation—it is A macroeconomic phenomenon. IF the general price level increases in successive years, the economy is in the grip of inflation. Inflation covers the whole economy. There is no such thing as food inflation or cloth inflation or housing inflation or health service inflation or education inflation. These terminologies are artificial and unscientific creations of the ruling elites and their crisis managers to create an illusion that inflation is confined and concentrated in some pockets only. It's a deliberate ploy to 'confuse the confused'. The best time-tested index of inflation is the price of pure 24-carat gold. One can get measure of inflation from the astronomical prices of gold in recent months. But the common man looks at the price of potato, milk, vegetables, fish, and meat etc to get at the measure of inflation. Modern economists see it in Index Number. They have put a minimum rise in the index number in terms of percentage, say 5% or 6%, and they say that if the rate of rise in the index is kept within the agreed upon minimum, then there is no inflation. On the contrary, such rise of index gives an impetus to investors to invest and expand and create more employment and income. That is, they say that a small dose of inflation is always good and that it is a sign of health of the economy. Although this small dose of inflation reduces the real income of the wage earners by the same percentage point each year, the government and market operators in the organised sector partially compensate by means of dearness allowance (DA). Because of money illusion, the recipients of DA are found to have been more or less satisfied since their pay packets have become fatter than before whereas their counterparts in the non-government and unorganised sectors as well as the vast masses of peasants, agricultural labourers and tiny self employed people remain *uncompensated*. Relatively speaking, the employees in the government and in the organised sector find themselves better off compared to others. A cleavage is created thus in the toiling masses in what seems to be the normal time. While the vast masses of people are continuously fleeced of their real income making them poorer every moment, the most vocal section of the society, the DA-mystified workingmen and white collar employees feel themselves better off and relaxed. It makes the rulers complacent and not afraid. Therefore they do not call it inflation and try to show that it is contained within the limit. Weighted indexing of both retail and wholesale price of goods and services is another important method of affirming the illusion that inflation is absent when it is very much there.

But for various reasons the monetary and the fiscal authorities inject more money into the economy without the possibility of corresponding increase in the supply of commodities, in the market in the short run. If a foreign direct investor (FDI) barter his dollar for rupee while securing services of land mafia for procurement of land, it will only add to the supply of money without corresponding addition to the supply of goods in the market. Or if onion and cloth and cement are exported to foreign markets and the dollar thus earned is exchanged for rupee which is injected into the economy in the form of purchase of raw materials and services, it will only increase the supply of rupee decreasing the supply of commodities in the Indian market. Or for that matter, the Salwa Judum or its present incarnation, the SPOs (Special Police Officers) being financed, as is done currently by the Union government producing nothing tangible, thus unproductive money being pumped into the economy. It adds more and more money into the system than called for and only

gives rise to a situation of glut in the supply of money. Then they print notes, rather silently, to add fuel to fire. All such happenings add to the inflationary pressure. When the pressure much too high and thus unbearable for the investors, national as well as foreign, the pressure hits the heads of monetary and fiscal authorities. Then and only then they describe the situation as really inflationary. This the Reserve Bank of India and the Government of India did recently and they did it for fear of flight of FDI to some other countries. For long they tried to hide the real face of inflation in the garbage bin of food inflation, etc. The common people, the vast masses scattered in hills and forests and deserts and in remote villages do not matter at all. They do not count. The so-called left, busy with economism in normal times to catch the fancy of the creamy layer of the working populace intoxicated with forthcoming compensation in the form of increased DA, are squirming, quivering, shaking, tossing and tumbling in the proverbial pigsty. This parliamentary left is too concerned with its own existential problem after its dismal rout in recent polls to be able to come to the aid of stricken masses of destitute and forgotten and forlorn people. They are so alienated from and despised by the vast masses! The far left are preoccupied with procuring arms and ammunitions and raising PLA (People's Liberation Army) for their dream of armed overthrow of the present system. They have little energy left for leading any open popular struggle on the economic front. Inflation is not on their agenda. They are more concerned about AK-47 and guerilla zone, not inflation. In other words how to win the masses in their millions in a situation of high inflation and soaring prices of essential commodities seems to be a secondary issue in their perception of revolution. They think revolution, eat revolution and drink revolution but they do hardly bother about how inflation devours the very revolutionary spirit of vast masses.□

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