

India's government survives defection, vows to press forward with "big bang" reforms

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22 September 2012

The Trinamool Congress, the ruling party in the eastern Indian state of West Bengal, withdrew its parliamentary support for India's Congress Party-led United Progressive Alliance (UPA) government yesterday, in protest against the "big bang" economic reforms the government announced late last week.

The defection of the Trinamool Congress (TMC), which with 19 seats in the Lok Sabha was hitherto the second largest UPA coalition partner, threatened to deprive the government of its parliamentary majority. But the Samajwadi Party (SP), which currently governs Uttar Pradesh, India's most populous state, quickly declared its readiness to sustain the UPA in office.

While the Congress Party-led UPA had previously bowed to threats from the TMC, Prime Minister Manmohan Singh and other leading Congress ministers had vowed all through the week that they would not retreat from last week's measures, which have long been demanded by domestic and international big business, even if it placed their government in peril.

Bolstered by the SP's assurance of support, Manmohan Singh gave a rare televised address to the nation last night, in which he not only sought to justify last week's announcement of fuel price increases and the opening up of key sectors of the economy to increased foreign investment. He pledged that the UPA government will now accelerate the pace of "reform."

Singh claimed that his government had "been voted to office twice to protect the interests of the *aam admi* [common man]," but then asserted that there are occasions when the government must act in the "national interest"—an admission that last week's measures will harm the vast majority.

Declared Singh, "We need to contain subsidies as money doesn't grow on trees. ... No government likes to impose burdens on the common man. ... At the same time, it is the responsibility of the government to defend the national interest, and protect the long term future of our people."

Singh argued that India needs to boost its flagging growth

rate if it is to create jobs and "finance our programmes in education, health care, housing and rural employment." But his own remarks made it clear his foremost concern is making India attractive to big business.

"We need a revival in investor confidence domestically and globally. The decisions we have taken recently are necessary for this purpose."

India's Prime Minister lectured the population on the need for sacrifice and patience—this in a country where hundreds of millions live in extreme poverty and three-quarters of the population ekes out a living on less than \$US2 a day. "We have much to do to protect the interests of our nation and we must do it now," declared Singh. "At times, we need to say 'no' to the easy option and say 'yes' to the more difficult one. This happens to be one such occasion. The time has come for hard decisions. For this, I need your trust, your understanding and your cooperation."

Significantly in his speech, Singh made reference to 1991, when he, as finance minister of the then Congress government, inaugurated the Indian bourgeoisie's "new economic policy" of making India a cheap labor hub for global capital. This shift, for which powerful sections of the Indian bourgeoisie had long been pressing, was pushed through when India, facing an acute balance of payments crisis, was forced to seek emergency assistance from the IMF.

Singh denied the current situation was comparable, "But we must act before people lose confidence in our economy."

Last week's "big bang" measures included increasing diesel prices by 14 percent, dramatically reducing the subsidy for cooking gas, opening up the retail, aviation and broadcast sectors to foreign capital, and further "disinvestment" (partial privatization) of state-owned enterprises.

The fuel price increases will put a further squeeze on living standards that have been hard-hit by several years of double-digit or near double-digit inflation. The decision to allow Wal-Mart, Tesco and other foreign-owned multi-brand

retail giants to set up shop in India will also severely impact on the tens of millions of Indians who are small shopkeepers and street hawkers.

The day before the TMC's pullout from the UPA and Singh's address to the nation, tens of millions of workers, small traders and truckers participated in a nationwide *hartal* (general shutdown of schools, shops and workplaces) against the "big bang" measures. The protest strike had been called by most of the parliamentary opposition, including the Stalinist-led Left Front, the Hindu Supremacist BJP, and a host of caste- and regional based parties that are erstwhile allies of either the BJP or Congress or in some cases both.

The large support for the *hartal* is indicative of the depth of the popular anger and anxiety, but on the part of the opposition parties Thursday's protest was a reactionary manoeuvre aimed at reaping electoral gains and containing and constraining the popular opposition.

Big business had made it abundantly clear in the week between the announcement of the government's "big bang" reforms and the TMC's withdrawal of support for the UPA that it would turn on the Congress Party and the UPA government if they buckled before the TMC's threats or the popular hostility to the reforms.

Anand Mahindra, chairman of Mahindra & Mahindra, tweeted: "We urge the government to stand its ground. Right-thinking Indians will be less than amused by partisan politics in a fragile economy."

The *Business Standard* in an editorial titled "Meeting Mamata's challenge—Minority government must use executive action to reform," declared, "The UPA should stand firm, even if it means saying a permanent goodbye to its easy legislative majority." The *Business Standard* then went on to argue that the government's "political survival"—i.e., its support within the bourgeoisie—depended on it quickening the pace of pro-investor reform: "As a minority government, the UPA should be bolder than ever with reform, free from the political compulsions of keeping a difficult ally in good humour and concerns over its numbers in the legislature. What it can do, it must—its political survival depends on it."

The Congress' decision to call the TMC's bluff and push ahead with the announced reform measures—on Thursday the government made the opening up of the retail, aviation and media sectors to greater foreign investment operational—has provoked rapturous applause from big business. "This will give a strong message to investors inside as well as outside the country that the government means business," exclaimed D.S. Rawat, secretary general of Associated Chamber of Commerce and Industry (Assocham).

The Samajwadi or Socialist Party professes to be a party of the "left," when in reality it is a regionally-based bourgeois

party that specializes in caste-ist appeals. On Thursday it had joined the *hartal* against the UPA government's pro big-business reforms, only to rescue the very same government the following day. In explaining this about-face SP leader Mulayam Singh Yadav, claimed that his party remains opposed to the UPA's economic policies, but "I will not allow communal forces [i.e., the BJP] to come to power, I will not withdraw support from the government."

The TMC's opposition to the UPA's economic reform measures is no more principled or genuine than that of the SP. This right-wing Bengali regionalist party was a partner of the BJP-led National Democratic Alliance (NDA) government that carried out the bourgeoisie's reform agenda with a vengeance. It opposed Thursday's *hartal* and its government in West Bengal refrained from mounting repressive actions against the strike only because it enjoyed such widespread support. Last February, when the trade unions called a one-day nationwide general strike against the UPA government's social and economic policies, the West Bengal TMC government sought to break it, threatening state workers who walked off the job with severe reprisals.

The SP's moves to prop up the Congress-led government are also an indictment of the Stalinist parliamentary parties—the Communist Party of India (Marxist) or CPM and the Communist Party of India (CPI)—who keep promoting such regional and caste-based parties as "democratic" and "secular" allies in the fight against the UPA's "neo-liberal" economic reforms and the communalist BJP. The CPM and CPI made a joint call with the SP and several other parties for Thursday's *hartal*, including the Telugu Desam Party and the Orissa-based BJD which previously supported the NDA government. The Stalinists had gone so far as to float the idea that SP chief Mulayam Singh Yadav could be the head of a so-called Third Front in opposition to the two alliances led respectively by the Congress and BJP.



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