



**The London School of Economics and Political Science**

# **History, Ideology and Negotiation**

*The Politics of Policy Transition in West Bengal, India*

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London School of Economics for the degree of Doctor of Philosophy

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For *Baba*

## **Abstract**

The thesis offers an examination of a distinct chapter in the era of economic reforms in India - the case of the state of West Bengal - and narrates the politics of an economic policy transition spearheaded by the Left Front coalition government that ruled the state from 1977 to 2011. In 1991, the Government of India began to pursue a far more liberal policy of economic development, with emphasis being placed on non-agricultural growth, the role of the private sector, and the merits of foreign direct investment (FDI). This caused serious political challenges for the Communist Party of India - Marxist (CPIM), the main party in the Left Front. Historically, the CPIM was committed to pro-poor policies focused on the countryside and had spoken out strongly against privatisation and FDI; however it could not ignore the stagnating industrial economy of the state, and was thus compelled to court private investment and take advantage of the liberalised policy environment. The nature of this dichotomy – one that characterised the political economy of West Bengal over the last two decades – is studied in this research as a set of *why-how* questions. Firstly, *why* did the CPIM/Left Front take upon itself the task of engineering a transition from an erstwhile land-reform and agriculture based growth model to a pro-market development agenda post-1991? And secondly, *how* was such a choice justified to/negotiated with the various stakeholders (the rank and file of the CPIM itself, other coalition member parties, trade unions, the industrial class, etc.) while sustaining the party's traditional rhetoric and partisan character? In examining the second part, the thesis also ventures into the recent cases of huge opposition to land acquisition for industrial plants at Singur and Nandigram, and demonstrates how the mandate of the top brass of party leadership in Calcutta was being implemented, translated or contested at the local levels. On the whole, this thesis attempts a reappraisal of the political-economic history of the Left Front regime and particularly that of its majority partner, the

CPIM, over the last two decades. It also places the case in a broader Indian context and contributes to wider debates on the changing nature of federalism in India and the politics of economic reforms.

*Keywords: India, West Bengal, Left Front Government, CPIM, economic liberalisation, policy negotiation, politics, federalism.*

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Being an ardent cricket enthusiast, let me begin with an analogy about the same. It is said of cricket that it is the most ‘individualised’ team sports of all. A PhD, in many ways, is just the opposite. It is the most ‘collaborative’ individual process, one that is almost impossible to complete without the help of numerous individuals. During the course of this research, the nature of such collaboration went far beyond academic associations, and became a humbling experience of support, trust, and friendship bestowed upon me by so many.

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## **Abbreviations of Selected Terms**

ABP	Anandabazar Patrika
AIFB	All India Forward Block
ASSOCHAM	Associated Chambers of Commerce and Industry (of India)
BDO	Block Development Officer
BJP	Bharatiya Janata Party
BPL	Below Poverty Line
CBI	Central Bureau of Investigation (of India)
CC	Central Committee (of the CPIM)
CCP	Chinese Communist Party
CII	Confederation of Indian Industry
CITU	Centre of Indian Trade Unions
CMDA	Calcutta Metropolitan Development Authority
CPI	Communist Party of India
CPIM	Communist Party of India – Marxist
CPIML	Communist Party of India – Marxist Leninist
CPSU	Communist Party of the Soviet Union
DMK	Dravida Munnetra Kazhagam
DSP	Democratic Socialist Party
FDI	Foreign Direct Investment
FIR	First Investigation Report
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GDR	German Democratic Republic
GoI	Government of India
GoWB	Government of West Bengal

HDA	Haldia Development Authority
IAS	Indian Administrative Service
IMF	International Monetary Fund
ISI	Import Substitution Industrialisation
JNP	Janata Party
LDF	Left Democratic Front
MCP	Mega City Programme
MFB	Marxist Forward Block
MLA	Member of Legislative Assembly
MP	Member of Parliament
MRTP	Monopolies and Restrictive Trade Practices
NDA	National Democratic Alliance
NHRC	National Human Rights Commission (of India)
NEP	New Economic Policy
NGO	Non-Governmental Organisation
NIC	Newly Industrialised Country
PDF	People's Democratic Front
PDS	Party of Democratic Socialism
RBC	Revolutionary Bengali Congress
RCPI	Revolutionary Communist Party of India
RSP	Revolutionary Socialist Party
SDP	State Domestic Product
SOE	State Owned Enterprise
SUCI	Socialist Unity Centre of India
TDP	Telegu Desam Party
TINA	There Is No Alternative
TMC	Trinamool Congress

UF	United Front
UPA	United Progressive Alliance
USSR	Union of Soviet Socialist Republics
WBIDC	West Bengal Industrial Development Corporation
WBSP	West Bengal Socialist Party

## Prologue

### Overview

On the morning of 14<sup>th</sup> March 2007, fourteen people were killed and hundreds injured in an indiscriminate police action in Nandigram, a small cluster of villages in the East Midnapore district of the Indian state<sup>1</sup> of West Bengal. Local people had been protesting since January 2007 against a proposal to acquire land in Nandigram and adjoining areas for the construction of a chemical hub by an Indonesian conglomerate. Between January and March, the area had become a self-governing fortress with barely any state agency presence. The main arterial road that connected the villages was dug up so that police vehicles could not access the area and other roads barricaded. In retaliation, the state government (allegedly) let loose armed party cadres and police forces, who engaged in indiscriminate shooting, torture, and even sexual assaults, all documented by journalists, independent enquiry commissions, the National Human Rights Commission of India (NHRC), and the Central Bureau of Investigation (CBI) (Sarkar and Chowdhury, 2007).

The Nandigram episode happened in the midst of a similar ongoing bitter dispute between the state and the peasants of Singur - a similar cluster of villages in the Hooghly district of West Bengal, approximately 140 km from Nandigram - over the acquisition of 1000 acres of prime arable land to build a car factory. Though not as intense as Nandigram, Singur also witnessed sporadic eruptions of violence during the days of acquisition and compensation disbursement. In the face of severe criticism and fierce local, regional, and even national protests, both projects were eventually abandoned.

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<sup>1</sup> The term 'state' is used here to denote the regional provinces in India, and not the entire nation.

Though the Singur-Nandigram stories have attained cult status in the development-displacement tales of India - owing to the fact that the state, in both cases, eventually capitulated in the face of protests led by the poor peasantry – they were neither the first (a study by the Indian Council for Social Science Research estimated the level of displacement between 1951 and 1990 at about 21.3 million people)<sup>2</sup>, nor the last (struggles much larger in scale than Singur-Nandigram continue to rage in several Indian districts, for example, near the Posco steel plant project at Orissa). However, the bitter and violent feuds at Singur-Nandigram are unique in a different context. They took place in *West Bengal*, a state that was ruled by a communist government - the Communist Party of India- Marxist (CPIM) led Left Front coalition - from 1977 to 2011, a remarkable instance of political stability, especially when placed in the wider context of caste/religion/ethnicity based politics and frequent regime changes elsewhere in India (Banerjee, 2010). The Left Front's development record is also substantial. Not only did it bring in significant land reforms, but it was the first among Indian state governments to take the mantle of democratic decentralisation seriously, and gained unprecedented popularity as a *government for the poor*. Even in the state elections held as recently as 2006, the government earned a historic majority, but the Singur-Nandigram events followed immediately afterwards, and for the first time in over thirty years, the Left Front steadily lost its electoral support base and was eventually ousted from office in 2011<sup>3</sup>.

This dramatic turn of events that has characterised the political-history trajectory of West Bengal over the last six years, kindled two types of responses. The first was an emotional one, which Mukharji succinctly summarises as:

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<sup>2</sup> Source: <http://www.hindu.com/2006/04/14/stories/2006041406331500.htm> ; accessed 24<sup>th</sup> September 2012.

<sup>3</sup> See Appendix 6 for Left Front's electoral records.

[t]he events at Nandigram and Singur in West-Bengal were such that it forced many — if not most — of those who follow South Asian affairs to seriously re-think their beliefs and positions. The manifest contradiction of the naked oppression unleashed — both through official and unofficial channels — by an allegedly Communist government upon an impoverished peasantry, in the interests of big-industry, was so obvious, that it forced many to ask: “after all how could this happen?”... All of us who had callously tossed around [the] words (‘reactionary’, ‘radical’, ‘bourgeois’, ‘communist’ etc) seemed to have learnt our dictionaries wrong. The words seemed now to mean exactly the opposite of what we had thought they meant (2009:86-87).

It is, however, the second response — a rather more fundamental one — that prompted this research. As Mukharji continues:

...this change could not and did not happen over-night... Its roots go much further back, and the changes that made Singur and Nandigram possible were in motion long before 2007. Its roots lay in fact in the very nature of the CPM’s politics in Bengal since their rise to power in the late 1970s (ibid.:87).

It is necessary to contextualise this observation. During the 1980s and 1990s, almost all countries in the global South embarked on a path of ‘transition’, initiating economic reforms and competing to attract foreign direct investment according to the strictures of global capitalism. Particularly interesting cases of transition are those states that explicitly legitimise their rule in terms of communist ideals, the general alliance of peasants and workers toward an egalitarian society, and whose ideological pillars historically include a pro-poor redistributive land reform<sup>4</sup> (Steur and Das, 2009). West Bengal can be seen as a part of this communist transition brigade. From an erstwhile commitment to land reforms and agriculture centric growth — a model that not only served the CPIM/Left Front’s ideological orientation but also paid rich electoral dividends throughout the 1980s, as the CPIM successfully entrenched itself in even the remotest corners of the state - the government initiated a gradual effort to adopt a pro-market development strategy from the early 1990s. However, there is a crucial difference. Unlike the others, West Bengal is not a nation-state in itself, but a part of

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<sup>4</sup> Such as China, Vietnam, Russia and several Eastern European nations.

the Indian federation which historically has been dominated by centrist or left-of-centre political forces. India itself had entered an era of economic liberalisation in 1991, and that placed the Left Front, and particularly its dominant partner - the CPIM - amidst an intriguing dichotomy. On one hand it had to remain subservient to federal compulsions in terms of policy orientation, whilst on the other maintaining a largely contrasting political-ideological line, while still justifying its own eagerness to adopt a pro-market stance to its core support base in order to minimise allegations of ideological deviation, and possibly, resultant electoral losses.

This research, which is focused on economic transition in West Bengal, is set against the backdrop of such larger national and international trends, but at the same time consciously tries to refrain from the common pitfall of broader studies that try to map such trends across nations: that of over-generalisation in macroeconomic terms. Instead, it concentrates on the micro-affairs, or to be precise, on the 'local' political trends that governed the transition process in West Bengal. However, a study of this sort, embedded within a particular set of regional political dynamics, can also provide important insights for the macro-process of economic transition, both in India and elsewhere.

Given such a thematic orientation, the major objectives of this thesis can be identified as a set of *why-how* questions. *Why* did the CPIM/Left Front take upon itself the task of engineering a transition to a pro-market development agenda post-1991 from an erstwhile land-reform and agriculture based growth model? And *how* was such a choice justified to/negotiated with the various stakeholders (the rank and file of the CPIM itself, other coalition member parties, trade unions, the industrial class, etc.) while sustaining the party's traditional rhetoric and partisan character? On the whole, this thesis attempts a reappraisal of the political-economic history of the Left Front regime and particularly that of its majority partner, the CPIM, over

the last two decades. The roots of the contradictory state of affairs – as manifested in the Singur-Nandigram incidents – lay in such a reappraisal.

## **A Map of the Thesis**

This research takes shape against the wider discourses of economic transition. Key literature is reviewed in Part I (Chapter 1). It is established that this research is more sympathetic towards ‘local’, or ‘micro-level’ accounts of political trends in investigating the transition imperatives for a particular economy, such as Jenkins’s (1999) account of the politics of economic reform in India, than it is to larger comparative studies of generic macro-economic factors and/or institutional settings: it is in the *political logic* of negotiating transition initiatives that determinants of its future trajectory can be found, rather than evaluating individual reform measures via a pre-determined set of economic and political indicators. Therefore, having discussed the wider discourses, the chapter reviews the sub-national/regional roots of reform politics in India. However, it is not the main purpose of this work to adjudicate carefully between these competing arguments, or to set up rigorous empirical tests of their major claims. Instead, it is largely persuaded – as Part I articulates – by Jenkins’ argument that the focal point of studying economic transition, particularly in a large and diverse democratic politic such as India, lays in the sub-national variation in its political-economic conditions, and the different political strategies pursued by regional elites in response to the reforms.

Therefore, the major purpose of the thesis is to identify the precise nature of the political-economic conditions as they evolved in West Bengal, and the series of adaptive political tactics that the CPIM leaders pursued in response. There is also an additional dimension of ideological transformation that characterised the CPIM as it slowly warmed to private

entrepreneurs and foreign capital. It is important to trace this transformation, as for any communist party the ideological discourse provides not only a source of philosophical affinity, but a legitimising yardstick for all its actions. Therefore, as a precursor to the changing tactics, the party had to modify its traditional discourse, and understanding the nature and magnitude of such a transformation will provide the foundation on which the eventual reappraisal of the state's political history will be built.

Part II (Chapters 2 and 3) of the thesis prepares the conceptual map that is necessary for this task. Chapter 2 commences with a brief historical overview of the growth of the Left movement in colonial Bengal and subsequently (post-partition) in West Bengal, followed by a detailed narrative of the Left Front regime, focusing particularly on its early development initiatives. It then recounts the two contrasting sets of literature that focus on West Bengal – the *traditional* or *institutional* school, primarily based on the works of Atul Kohli (1987, 1990, 1994), and the *party-society* argument, based on Partha Chatterjee's description of the *political society* (1997, 2004, 2008), and further developed by Dwaipayan Bhattacharya (2004, 2009, 2010). Chapter 3 presents the first major contribution of this research: a theoretical reassessment of the CPIM. Drawing from the basic tenets of the *party-society* thesis as well as Milovan Djilas' critique of the Soviet Communist Order (1957), it provides a comprehensive account of the *political rationale* of the CPIM, which traces the contours of the ideological discourse of the party and its associated plethora of political tactics.

Given that the focus of this research is to understand the politicisation of the transition process in West Bengal via the *why-how* questions defined earlier, Part III of the thesis (Chapters 4, 5 and 6) is organised as follows. Chapter 4 deconstructs the *why* question, which has received limited attention in existing discourses - which have usually followed the standard explanations of federal and economic compulsions as voiced by the CPIM.

However, Chapter 4 examines the political-economic conditions that prevailed in West Bengal both before and during the early years of transition (c.1991-2000), and highlights a series of ideological negotiations that took place within the CPIM on the issue of reforms, and a certain degree of political astuteness exhibited by Jyoti Basu, the Chief Minister of West Bengal (1977-2000). It is the combination of these factors that explains *why* the CPIM/Left Front undertook transition initiatives in the first place.

Chapters 5 and 6, together, address the *how* question. Chapter 5 argues that transition initiatives in West Bengal became politicised both in *intent* and *meaning*. It maps, firstly, the gradual ideological transformation (and resultant contradictions) that took place within the CPIM as it tried to negotiate with the changing imperatives of the political-economic order of the day, and also to legitimise the necessity behind the transition in its own theoretical terms. The chapter draws from the first part of the political rationale of the CPIM as developed in Chapter 3, i.e. the traditional ideological discourse of the party, in order to document the nature of such transformations. It also examines to what extent the higher echelons of the CPIM engaged with its own rank and file, and also with other Left Front coalition partners, to negotiate/justify the changes. Chapter 6, the final empirical chapter, argues that the transition initiatives were deeply politicised not only in *intent* and *meaning*, but also in the process of *execution*. It returns the story to the Singur-Nandigram events, and presents them not as standalone incidents, but rather as the culmination of the series of inherent contradictions embedded in the way the CPIM went about managing the transition. It also shows how the party channels translated execution initiatives into exercises for political benefit maximisation. The chapter establishes the importance of *negotiation* in underpinning any attempt at economic transition, in the absence of which, by the time the party message arrived at grass-roots level, it had been significantly distorted. Chapter 7 presents a brief conclusion, which summarises the key arguments of the earlier chapters, and presents them in the context

of the sustainable reform process within the Indian democratic establishment as a whole, and also relates them to some of the wider theoretical puzzles referred to in Chapter 1.

## **PART I**

## Chapter 1

# **The Politics of Economic Transition: *Puzzles, Perspectives, and the Indian Experience***

*“Until recently there were a First, a Second and a Third World. The notion of the second world is now losing its substance. What remains is a huge amount of debris and ruins which is a combination of the first and third worlds: by its aspirations and longing to create a democratic political systems and prospering market economy it relates to the first world, a part of which it would like to become; however, by the state of the economy and the types of national and social problems it often resembles the third world.”*

Vaclav Havel, President of the erstwhile Czech and Slovak Federal Republic (opening speech of the International Forum for Culture and Democracy, Prague, 4<sup>th</sup> September 1991)<sup>5</sup>

### **1.1 Introduction**

The immediate starting point of this thesis is echoed in part in the above observation, that over the last three decades efforts to engineer a shift towards a market economy across the developing world have led to situations that only partially resemble a liberal image, and continue to be dominated by localised socio-political conditions. Countries in Latin America, sub-Saharan Africa, Eastern Europe, South and Southeast Asia engaged in such economic transition exercises, have come to display trends where the broader economic thrusts have been reshaped into distinct trajectories by domestic socio-political compulsions. The story that unfolds in this thesis is of one such case, possibly unique in its own right, as unlike other stories of economic transition in the developing world, this one is of a regional Left government within a larger federal jurisdiction dominated by centrist political coalitions.

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<sup>5</sup> Source: <http://unesdoc.unesco.org/images/0009/000911/091190eb.pdf>; accessed 10<sup>th</sup> October 2012.

The economic transformation of the developing world during the last few decades of the 1900s has been widely studied and debated. The state-led, inward-looking approaches (commonly known as *dirigisme*) that dominated developing nations for the best part of the last century were sorely tested during the prolonged phase of economic turbulence during the 1970s and early 1980s<sup>6</sup>. In conditions even worse than those of the Great Depression, countries in the global South fell victim to the external economic shocks, and suffered serious macroeconomic instability throughout the 1980s and early 1990s. The response was a profound shift in development strategy, away from *dirigiste* modes of planning toward emphasis on the market, private ownership, and greater openness to trade and foreign investment (commonly referred as *neoliberalism* or *neoliberal economics*<sup>7</sup>). While the pace of such transformations varied across countries, the broader direction of change was unmistakable (Haggard and Kaufman, 1995).

However, as Lavigne (1999) points out, the approach to studying economic transformation in the developing world has changed in recent times. Attention has shifted away from broad macroeconomic assessments<sup>8</sup> to micro-economic investigations based upon specific case studies. Such trends took off, particularly towards the end of 1980s, when much of the socialist bloc in Europe was experiencing pressures to transform and liberalise their economies. Mired in debt crises, the bureaucratic-authoritarian governments in these countries “...found their quasi-nationalist, quasi-socialist conditions dissolving in

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<sup>6</sup> The period saw two oil price increases - quadrupling in 1973-74 and doubling again in 1979-80 - and associated instability in the international financial markets; balance of payments imbalances in the developed economies; a transition to a floating exchange rate system from an earlier dollar based adjustable peg exchange rate regime; high inflation and rising interest rates (see Nelson, 1990; and Cerny, Menz, and Soederberg, 2005 for detailed discussions of the 1970s' economic crisis).

<sup>7</sup> The blanket policy prescriptions that early proponents of neoliberalism used to provide across developing countries included the following: flexible exchange rate arrangements, increased real interest rates, incentives to promote export-oriented industrialisation, rationalisation of public sector investment programmes, tightened revenue collection, reduction in subsidies, dismantling of trade restrictions, tax reforms, privatisation of state enterprises and cuts in public sector employment (Nelson, 1990).

<sup>8</sup> Such studies were prevalent in the 1980s, conducted by the World Bank/IMF and early exponents of neoliberal economics such as Bauer (1981, 1984); Krueger (1992); Lal (1983, 1992), and Little (1982).

hyperinflation and crony capitalism...the rapid industrialization taking place in many...developing countries, fuelled by globalization, creat[ing] a demand for neoliberal policy innovations" (Cerny, Menz *et al*, 2005:14). The economic stagnation in these countries led to massive protests – helping to bring down the Berlin Wall in 1989 and the collapse of the Soviet Union in 1991 - transforming old socio-political conditions and creating an environment for new coalitions to emerge and undertake a wide variety of neoliberal experiments. This process of transformation of former socialist economies, labelled **transition economics**, has emerged as a specific research field within the larger gamut of studies on neoliberal transformation. Transition economies, as Roland asserts, are one of the most important economic features of the twentieth century, epitomising the “specific contest that took place between the socialist and capitalist systems, and for the defeat of the former by the latter” (2000:xviii). Examples of economies in transition are many and diverse, with 32 former centrally-planned economies - accounting for nearly 30% of the world population and over 17% of the world’s GDP - involved in the process (Lai, 2006:1). While some countries had a history of market reforms even before the onset of (post cold war) transition - Hungary (abolishment of mandatory planning in 1968), Yugoslavia (introduction of self management in 1965), Poland (substantial increase in enterprise autonomy in early 1980s) and even the USSR (with a series of economic reforms under Gorbachev) - others such as the German Democratic Republic, Czechoslovakia and Romania did not (*ibid.*:11). The transition process, however, has not been restricted to Europe alone, but was also under way in several Asian countries. The most prominent and successful example is, of course, China, with a reform process more than three decades old. Vietnam was next, with a policy of *doi moi* (renovation) in 1986, followed by Mongolia, and India in the 1990s.

Studies in transition economics have also shown another distinct trend in recent times. Turning away from pure economic explanations, the focus has been on how political institutions and processes impact on economic conditions and policy formulations. In other words, it has shifted to studying the political management of economic change via detailed examination of individual cases, rather than formulating generalised theoretical discourses embedded in macroeconomic analyses. This thesis will follow a similar path, where the politics of policy transition in West Bengal will be explored in detail, marking a departure from the existing subject literature that focuses primarily on the economic dimensions. However, before turning to West Bengal (see Chapter 2), or even to India (see later sections in this chapter), it is important that the thesis first addresses itself to more general bodies of work on the politics of economic reformism. Accordingly, the aims of this chapter are threefold: (1) to provide a brief review of the wider thematic trends in the literature on politics of reform; (2) to examine the manifestation of those trends in a few selected cases of transition; and (3) to present India as a special case, as the kind of political compulsions that emanate from its federal-democratic structures and influence the regional governments are rarely witnessed elsewhere.

## 1.2 The Puzzles of Transition

In spite of being a dominant part of mainstream economic discourse since the 1980s, and upheld by the World Bank/IMF-inspired stabilisation, adjustment and restructuring programmes for indebted developing nations for much of the 1980s and 1990s, neoliberal policy prescriptions increasingly came to be questioned due to a series of unexpected outcomes throughout the 1990s. The *surprises* (Rodrik, 2006:975; *emphasis added*) include, the failure of large parts of sub-Saharan Africa to induce growth despite significant economic

reforms in the 1980s, with success stories (Uganda, Tanzania and Mozambique) few and far between; continuing financial crises in Eastern Europe, Russia and Turkey; and the short-lived recovery of the Latin American economies in the 1990s, with even the poster-states for neoliberalism - Chile and Argentina - showing clear signs of downturn by early 2000. On the other hand, the 1990s also witnessed a reduction in absolute poverty levels in China and India as a result of rapid economic development, but paradoxically, although these two economies did embark on liberalisation programmes, most of their policies remained highly interventionist.

With high levels of trade protection, lack of privatization, extensive industrial policies, and lax fiscal and financial policies throughout the 1990s, these two economies hardly looked like exemplars of the Washington Consensus<sup>9</sup>. Indeed, had they been dismal failures instead of the successes they turned out to be, they would have arguably presented stronger evidence in support of Washington Consensus policies (Rodrik, 2006:975).

The transition economies also presented fresh puzzles. At the onset of transition, many had predicted a slight slowdown - a 'transformational recession' (Kornai, 1993) in response to price liberalisation measures - that would phase out after one or two years, followed by stable structural transformation. However, even in the moderately successful central European countries (Poland, Hungary, the erstwhile Czech and Slovak Republics) reduction in output was drastic, with structural changes continuing for years. In Eastern Europe (Bulgaria, Romania, the three Baltic countries as well as the USSR), the outcomes were even worse (Lavigne, 1999). Electoral backlash in many transition economies with the communists returning to power (such as Lithuania in 1992, Poland in 1993, Hungary and Bulgaria in 1994) also puzzled many. A similar surprise came in the form of the disintegration of Yugoslavia, the Czech and Slovak Republics, and the USSR soon after the transition process

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<sup>9</sup> The formal embodiment of neoliberal economic principles - including fiscal disciplinary measures, tax reform, financial and trade liberalisation, etc. - originally summarised by John Williamson (1993) in an article on economic reforms in Latin America.

began (Roland, 2000:xvii). The biggest surprise of all was the success of the Chinese economy vis-à-vis the failure of Russia. China had embarked on a reform programme in 1978, but its strategy was very different from the shock-therapy approach advocated by some Bretton Woods' economists. According to many observers the Chinese economic policies continued to exhibit a highly interventionist character. China's GDP had more than quadrupled from 1978 to 1998, growing at an average annual rate of 9.5%. Russia, however, was suffering from an economic disaster post-transition, mired in declining output, high inflation, falling exchange rates, increasing fiscal deficit, asset diversion, capital flight and an increase in organised crime (*ibid.*).

These outcomes significantly contradicted the position taken by economists such as Aslund (1991), Kornai (1992, 1993) and Sachs (1989, 1990, 1993) that:

a reform reduces the power of the bureaucracy by definition...therefore, a successful reform must break the power of anti-reform bureaucracy...to break the power of the party and state bureaucracy might be seen as the key problem of a reform...the collapse of communist one-party rule [is] the sine qua non for an effective transition to a market economy" (Aslund, 1991:14).

Gorbachev therefore deserves "undying merit" (Kornai, 1992:574) for dismantling the communist bureaucracy in Russia, while China's Deng Xiaoping is a villain for having continued with communism (Nolan, 2004:133). Even in the early 1990s, transition orthodoxy (or hard-line neoliberalism) continued to maintain that:

Soviet system reforms had 'succeeded' and China's had 'failed', due to the destruction of the bureaucracy in the one and the sustaining bureaucrats' power in the other...[and] ridiculed the possibility that a 'gerontocratic', 'hard-line' communist bureaucracy might possess the skills successfully to lead a communist transition...to the market (Nolan, 2004:134).

By the second half of the 1990s, the reality had turned out to be just the opposite. Contrary to the claim that the "correct 'sequence' of system reform in communist countries was seen to

be: first, an anti-communist revolution, second economic liberalization" (Nolan, 2004:133) it gradually became evident that the "large scale institutional changes involved in transition are among the most complex economic and social processes one can imagine" (Roland, 2000:xviii).

These events triggered intense debates among neoliberals, structuralists and the political scientists: how can apparently *similar initial conditions* (communist bureaucratic structures) lead to *divergent outcomes* in various transition economies? The questions at the heart of this debate are aptly summarised by Lavigne: "Why did the Soviet model collapse so quickly following the beginning of the transition process? Why is economic transition to the market well under way in Asian socialist countries while communism remains as an ideology and a political regime? Can one derive lessons for the transition from the beginnings of socialism?" (1999:15-16).

These questions, expectedly, have evoked diverse opinions over the last two decades, and continue to do so today<sup>10</sup>. Responses range from *ideational* (cultural) explanations (focusing on individual nations' apathy for state-intervention given policy failures of 1960-70s, such as Kahler, 1992), and *rational-choice* arguments (focusing on policy-makers' choice of drastic shock programmes during crises in order to minimize the political costs of structural adjustments, such as Przeworski, 1991 and Geddes, 1994b), to *cognitive-psychological* arguments (focusing on the risk-seeking/aversion behaviour of political leaders as well as ordinary people in supporting/opposing reform programmes, such as Weyland, 2002). The next section provides a brief review of the most dominant responses - which dwell primarily

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<sup>10</sup> There has been a tentative rapprochement between the two sides of the argument with an emphasis on broad-based eclectic approaches, thematically classified as *neo-interventionism* (Nonneman, 1996; Chowdhury and Islam, 1993; Mosley, Harrington *et al*, 1991; Woodward, 1992; Wade, 1992). Another similar category of literature has also surfaced under the label *market socialism* (Bardhan and Roemer, 1993).

on the technicalities of reform implementation and institutional effectiveness - before proceeding to the central argument of this thesis, the politics of transition.

### 1.3 The Technical-Institutional Perspectives

The initial debates surrounding the economic crisis of the 1980s and 1990s arose from the technical complexities of economic adjustment. The early advocates of adjustment programmes had envisioned two distinct yet intertwined tasks to be undertaken by individual nations - *stabilisation* and *structural change*. The former involved immediate measures to reduce balance of payments deficits and inflation to levels compatible with resumed and sustainable growth, aiming for relatively quick results within a year or two. The latter was designed to encourage foreign exchange earning/saving activities and, more generally, to improve incentives and efficiency for sustainable growth. Structural changes required longer time horizons than stabilisation efforts, with typical programmes designed over three to five years, often longer (Nelson, 1990). Both measures, over time, provoked intense controversy.

Deep differences emerged among economists about the:

conditions under which demand restraint should be the major thrust of stabilization efforts, the time frame within which deficits should be contained, the costs and benefits for longer-term growth prospects of austerity programs sustained over many years...The bitterest debates on structural change [were] on the pace and sequencing of measures to open economies to international markets, the appropriate roles and limits of states and markets in promoting growth and other national objectives, and the allocation of transactional costs (ibid.:4).

Thematically, these early debates over the *speed and sequencing of economic reforms* took two distinct forms. In what came to be known as a *big bang* or *shock therapy* approach, hard-line neoliberal economists argued that the optimal reform path should involve a radical overhaul of the planned economy with all its institutions, the initiation of immediate and complete liberalisation, privatisation, deregulation, as well as closure of all inefficient state-

owned enterprises (SOEs). Various Eastern European countries adopted variants of this approach, namely Russia, Poland, Czechoslovakia, Slovakia, Romania, Ukraine and Bulgaria. The opposing viewpoint was that of a *gradualist* or *incremental* approach, and scholars advocating the latter pointed to the uncertainties in the reform process, and emphasised the necessity of procuring enough political and institutional support for the reforms. They maintained that a gradual or incremental approach was preferable, which would allow time for new institutions to take shape. The Chinese economic success, the gradualists argued, was due to a large extent to their patient efforts to gradually phase out old components of the command economy, actively promote market players, and incrementally build governmental, legal and economic institutions that supported the market economy (Lai, 2006).

The hardliners and the gradualists differed on four key economic attributes: uncertainty, complementarities of reforms, focus of reforms, and the reform of state firms (Roland, 2000). Advocates of the former effectively ruled out the possibility of any uncertainty in reform outcomes, with a(n) (often misplaced) confidence in their knowledge of market behaviour and ability to engineer a market economy. Proponents of the incremental approach, on the other hand, believed that reform initiation is akin to treading in complex and uncertain areas, and knowledge accumulation can only happen by conducting the reforms themselves (Murrell, 1991; Stiglitz, 1999). Secondly, hard-line neoliberals argued that reform measures are complementary and interlocked, i.e. a single reform cannot succeed until the entire set of corresponding reforms have been implemented, and reform processes must therefore be comprehensive (Ickes, 1990; Lipton and Sachs, 1990). Incrementalists argued that a few transitional measures and institutions can lead to more efficient allocation of resources. The focus should therefore be on an initial introduction of a few appropriate reforms in a handful of targeted sectors, instead of unleashing the complete range of reforms across the entire

economy in one go (Chen, Jefferson and Singh, 1992; Pomfret, 1997). In the same vein, shock therapists also maintained that if trade liberalisation, financial stabilisation, and SOE privatisation were all undertaken at once, markets would spontaneously develop (Lipton and Sachs, 1990; Wolf, 1991). The gradualists on the other hand suggested that only three aspects of transition should be emphasised: (1) an improved incentive structure for entrepreneurs and officials; (2) liberalised entry and competition in the markets to foster new private enterprises and increase SOE competitiveness; and (3) developing institutions necessary to facilitate a market economy (Gelb, Jefferson and Singh, 1993; McMillan and Naughton, 1993; Qian, 2003). Finally, the hardliners advocated that inefficient SOEs should be closed down immediately in order to avoid resource misuse and debt aggravation. The incrementalists however, argued in favour of restructuring the SOEs to improve their performance in the short-term, while promoting the private sector so that the absolute dominance of SOEs could be reduced in the future (McMillan and Naughton, 1993; Naughton, 1996; Stiglitz, 1999).

Apart from the scope of reforms, the two schools also differed considerably on four political aspects: irreversibility of reforms, degree of reforms, democratisation, and role of the state (Roland, 2000). The shock therapists advocated a comprehensive reform package in order to pre-empt possible delays from popular opposition and conservative coalitions, thus ensuring irreversibility in reform implementation (Fischer and Gelb, 1991). Incrementalists, on the other hand, argued for adopting a specific sequence in reform implementation, so that continuous support from all quarters could be ensured (Dewatripont and Roland, 1992). Secondly, the former group rejected the idea of partial reform implementation, arguing that this would encourage rent seeking, corruption, crony capitalism and possibly even cause decay in state institutions in the long run (Aslund and Dimitriev, 1990; Murphy, Shleifer, and Vishny, 1992; Shleifer and Vishny, 1998). On the contrary, incrementalists argued that

“through permitting growth of market players, progressive rectification of inefficiencies, and right sequencing of reforms or right institutional arrangements partial reform can sustain popular support and its own momentum and can progress over time” (Lai, 2006:4). Thirdly, big bang scholars maintained that reform programmes could be sustained naturally if political and economic reforms went together, as empowering large sections of population through increasing democratisation would ensure large-scale social support. The evolutionary school however, suggested that such approaches entailed great risks and that piecemeal changes could generate enough political support for liberalisation from their various beneficiaries (a rising middle class, private entrepreneurs, local governments, and even bureaucrats) (Roland, 2000; Lai, 2006). Finally, the two schools diverged on the role of the state in executing reforms. Fearing that a strong state would disrupt markets with its interventionist and conservative policies, and, at best, only support partial reforms, the shock therapists proposed minimising the power of the state and its bureaucracy (Lipton and Sachs, 1990). The incrementalists admitted that the state needed to stay relatively autonomous, but also argued that it had a crucial role to play in guiding markets through adequate law enforcement and securing property rights (Murrell, 1991; Stiglitz, 1999).

On the whole, as Lai (2006) suggests, the incrementalist perspective seems to fit better into the real experience of transition economies in terms of the significance of institutions, the lengthy process of institutional evolution, and the disruptive effects of a comprehensive economic shock therapy. However, both approaches concentrated primarily on the economic philosophy and measures in reforms, while sometimes ignoring the subtle political strategies that underpin the adjustment trajectories of individual economies. In the Chinese case, for example, the reformists had to overcome stern opposition from influential conservative leaders, and Deng Xiaoping installed young power-holders to back his economic reforms.

China's reformists also made careful fiscal arrangements for initial liberal experiments in selected provinces in order to demonstrate to other provinces the appeals of reform. Such practical examples from the Chinese economy as well as a number of other developing nations establish that - as Lai argues - the technical debates about the scope, timing and phasing of reforms barely highlight the "political, fiscal and local arrangements [that] enable reforms to take off" (ibid.:2-3) in individual economies.

These criticisms, along with the puzzles thrown up by the transition economies, eventually led to a fundamental shift in the focus of reform programmes. Moving away from the technical explanations, the emphasis came to rest on *institutions*. One of the decisive arguments that highlighted the inadequacy of the technical approaches was that of William Easterly. Introducing free markets from top down, Easterly points out:

...overlooks the long sequence of choices, institutions, and innovations that have allowed free markets to develop in the rich Western economies...markets everywhere emerge in an unplanned, spontaneous way, adapting to local traditions and circumstances, and not through reforms designed by outsiders (2006:53-54).

The idea of the West designing a comprehensive reform package for poor nations is, as Easterly argues, fundamentally flawed. Free market opportunities in any given society depend on a series of bottom-up social choices of adequate norms and institutions that Western planners usually do not understand or appreciate.

Trying to change the rules all at once with the rapid introduction of free markets [will] disrupt the old ties...while the new formal institutions...still too weak to make free markets work well. Gradual movement to freer markets would [give] the participants more time to adjust their relationships and trades (ibid.:89).

Easterly attributes this assertion - that the West cannot successfully design a policy programme for the poor countries - to Western policy advisors' lack of knowledge of and

inability to appreciate the importance of various institutions underpinning a successful capitalist economy<sup>11</sup>. Coming from advanced capitalist states, where these institutions are already in place, the policy-makers take them for granted and therefore they are not factored in to the resource spend - while in reality institutional conditions are much worse in developing nations. As Roland (2000: xix) argues: "if anything, the experience of transition shows that policies of liberalization, stabilization and privatization that are not grounded in adequate institutions may not deliver successful outcomes". Such a shift in analytical emphasis - from the traditional economics of market and price theory to the interplay and complementarities between the various constitutive institutions of capitalism as well as the dynamics of large scale institutional change - has reinforced what Roland calls the *evolutionary institutional perspective* (*ibid.*).

Even committed neoliberals such as Krueger have admitted that economic adjustment programmes have failed to create the necessary institutional changes to facilitate market economies (2004). Rodrik points out that such admissions though implicit, in themselves are a repudiation of the original version of the Washington Consensus, as it did not feature institutional reforms of the kind even Bretton Woods' economists came to emphasise later on. Complementarities across reform areas and their background institutional conditions were also widely recognised:

...trade liberalization would not work if fiscal institutions were not in place to make up for lost trade revenue, capital market did not allocate finance to expanding sectors, customs officials were not competent and honest enough, labor-market institutions did not work properly to reduce transitional unemployment, and so on (Rodrik, 2000: 978).

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<sup>11</sup> For example, some of the crucial local institutions that can determine the outcome of reforms include incentive structures for markets, private property rights, legal arrangements, etc. - all of which vary from country to country.

A significant body of empirical literature also emerged by c. end 1990-early 2000, emphasising the importance of adequate institutions to underpin long term economic growth. For example, secure property rights were re-established as a prime determinant of national wealth and prosperity in a pioneering work by Acemoglu, Johnson, and Robinson (2001). In another study, Easterly and Levine (2003) argued that the quality of domestic institutions can influence any independent effect that policy reforms might have on economic growth. In addition, the Washington Consensus itself was augmented with a long list of second-generation institutional reforms, including corporate governance initiatives, anti-corruption measures, flexible labour markets, targeted poverty reduction, etc<sup>12</sup>.

The institutional perspective, however, also carries with it a potential risk of degenerating into a perpetual cycle of improving institutions with little or no effect on growth, particularly on the following grounds. Firstly, institutions are deeply ingrained in respective social forms and therefore not prone to frequent changes. Institutional structures, especially in poor countries, sometimes change significantly only in the aftermath of political upheaval (war, revolution, etc), and therefore are not a realistic agenda to promote economic growth. A comprehensive institutional reform agenda is therefore hardly effective policy advice, akin to telling developing nations that the “only way to develop is to become developed!” (Rodrik, 2000: 980). Secondly, it is also an open-ended agenda, as the supporting literature remains unable to establish any correlation between particular forms of institutional design and economic growth. In Easterly and Levine’s (2003) study, for example, introducing institutional indicators in growth regressions nullifies the effects of reforms on economic

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<sup>12</sup> See Rodrik (2000) for detailed discussion.

performance, but shows little evidence that large scale institutional change itself plays any role in inducing growth.

Rodrik thus warns policymakers of ‘institutional fundamentalism’: continually pressing for institutional reforms with no idea of what the right levers are. They instead may be

...better served by targeting the most binding constraints on economic growth- where the bang for the reform buck is greatest- than by investing scarce political and administrative capital on ambitious institutional reforms...institutional reforms will be needed eventually to sustain economic growth. But it may be easier and more effective to do that when the economy is already growing and its costs can be spread over time (2000: 980).

The technical-institutional perspectives highlight the plethora of complex economic-institutional and development planning centric issues that are posed by economic adjustment processes. However, these debates only provide lip-service to the more intractable political challenges that also lie at the core of adjustment programmes. As Nelson wrote:

Strikes and demonstrations in response to increased food prices and falling real wages are only the most visible repercussions. Less open but equally bitter and more tenacious struggles rage inside governments and between governments and interest groups over issues such as liberalizing trade, reallocating government expenditures, or reducing governmental regulation and subsidization of private economy activity. Not only vested economic and political interests, but also fundamental ideological convictions are engaged. All these domestic pressures interact with an array of international demands, advice, and bargaining (1990:xi).

Unfortunately, while the crisis of the 1980s generated a flood of economic analyses both North and South, ranging from broad theory to highly specific and operational issues, the political dimensions received much less attention (*ibid.*).

## 1.4 The Politics of Economic Transition

Evidently, appropriate adjustment strategies in the face of economic crisis are subjects of both debate and uncertainty. However, even without resorting to any form of *orthodoxy*, there is a variety of possible adjustment paths and a number of ways - such as those advocated by the neo-interventionist and the market socialist schools - in which the state can continue to intervene fruitfully to correct market failures and promote equity. Also, it is generally agreed that stable macroeconomic policy and trade/price reforms are important determinants for long-term growth (Fischer, 1993; Levine and Renelt, 1992). The distributive effects of initiating and sustaining these policy changes constitute the heart of the politics of economic adjustment. As Haggard and Kaufman (1995) point out, all regimes in mixed economies rest on some explicit or implicit bargain between political leaders and key support groups. Economic conditions will determine how stable and robust that bargain is. Good times generate support. Economic crisis, by contrast, creates incentives for the private sector to defect from that bargain, increases the likelihood of political protests *from below*, and reduces the capacity of ruling elites to manage the resulting distributive conflicts.

Surprisingly, the politics of reform has been a relatively under-researched topic. Initially, the Bretton Woods' development discourse left politics entirely out of its analytical realm. In one of the first analyses of its kind, Ferguson (1994) showed how during the early years of adjustment programmes, World Bank planners assumed a country's society and economy to be under complete control of a neutral, unitary and effective government, and therefore ideally suited for the reform blueprints. 'Development', Ferguson wrote, was seen as an outcome of impartial state action in providing social services and engineering growth; and 'underdevelopment' was a result of government neglect. Economic growth, by definition, thus became a direct function of how well a government was able to implement its

development plan. Such interpretations suffered from the problem of *depoliticisation* - or taking politics out of development. The Bank's development discourse excluded

the political character of the state and its class basis, the uses of official positions and state power by the bureaucratic elite and other individuals, cliques and factions, and the advantages to them of bureaucratic 'inefficiency' and corruption. The state represents 'the people', and mention of the undemocratic nature of the ruling government or of political opposition is studiously avoided. The state...[has] no interests except 'development' (ibid.: 177).

On the contrary, experiences from transition economies have shown political constraints to play a crucial role. For example, Russia saw a continuous political stalemate over key reform issues from 1992-2000; in Poland, the parliament objected to the mass privatisation plan for three years; and geographical concentration of political opposition to privatisation and economic restructuring played a crucial role in the eventual disintegration of Czechoslovakia. The varying impact of political constraints in opposing restructuring/deregulation processes is evident across all transition economies – from attitudes promoting rent-seeking (Krueger, 1974), corruption-dominating regulation (Peltzman, 1976), protectionist tariff policies (Nelson, 1989), to failed plans to “drastically cut subsidies to state-owned enterprises...Fiscal subsidy cuts to firms, required by the IMF, were often transformed in hidden subsidies taking the form of bank credit and inter-enterprise arrears...heavy worker resistance to closing inefficient state enterprises...and many other examples” (Roland, 2000.: 26).

It is, however, important to recognise that there is no general theory of the politics of economic adjustment. Several bodies of research over the years have highlighted different facets of the topic, but fall well short of an overarching conceptual scheme (Nelson, 1990:17). Individual case studies thus have become an important way to study, firstly, the adjustment experience, particularly the way it unfolds in decision-making circles, the

interaction between government and external stakeholders, and the broader arena of domestic politics; and secondly, how the structure of political institutions, patterns of leadership, support bases, political coalitions, and role of external agencies are shaped in the process (ibid.). The two crucial political variables that act as key determinants in this process are *interest groups and coalition structures*, and *political institutions*.

#### **1.4.1 Interest Groups and Coalition Structures**

Conflict between different interest groups usually results from three factors - how the costs of reforms have been assigned to individual groups (Alesina and Drazen, 1991); individual groups' preferences contingent on the likelihood of policy change (Roubini, 1991); and the strength of opposing social forces (Nelson, 1990). These lead to the three most common forms of political impediments to reform - (1) collective action problems; (2) distributive conflicts; and (3) the discounts that decision-makers attach to the payoffs from successful reform (Haggard and Kaufman, 1995:156).

1. *Collective action problems*: these emerge when economic reforms are seen to possess properties of public goods. Depending on whether a particular interest group is the recipient of the benefits or costbearer of the reforms, their actions would vary accordingly. Haggard and Kaufman illustrate this by referring to inflation control and trade liberalisation. In most high inflation settings, a majority would gain from greater price stability. However, the cooperative behaviour needed for stabilisation might be unobtainable because of the incentives for individuals and groups to defend their incomes. In the case of stabilising very high levels of inflation, the risks of accepting de-indexation can be substantial if other sectors are not making similar and simultaneous sacrifices. In the case of trade liberalisation, a large array of potential

beneficiaries may lack incentives to organise and lobby, either because they are weakly organised or because they could not be excluded from the gains brought about by a general reduction in trade barriers. Collective action problems therefore arise from uncertainty about future payoffs that potential beneficiaries may face during reform initiation, and hence the lack of incentives to join forces. Supporters of earlier policies, however, are afraid of the adjustment process and immediately organise in resistance.

Usually it is during the reform *initiation* phase that collective action problems emerge. Several studies including Haggard and Kaufman (1995), Waterbury (1992), and Williamson and Haggard (1993) argue that a *centralised executive authority* is necessary to overcome this problem. A successful initiation of reforms would depend on “rulers who have personal control over economic decision-making, the security to recruit, and back a cohesive ‘reform team’, and the political authority to override bureaucratic and political opposition to policy change” (Haggard and Kaufman 1995:9).

2. *Distributive conflict*: in a collective action model, all parties would prefer a cooperative outcome but are blocked from it by incentives to defect. In a distributive model, however, the reforms are supported by potential winners and opposed by potential losers, the outcome depending on the balance of political power between the respective coalitions. For example, in the case of trade reforms and devaluations, though both might increase aggregate social wealth and incomes of certain groups, they are likely to encounter opposition from import-competing interests and the non-traded goods sector respectively.

In such circumstances, losers may prevail over winners more often than not, even though the reforms are optimal for society as a whole. One classic problem with reforms is that the cost tends to be concentrated, while benefits are diffuse, producing perverse organisational incentives. It is therefore natural for losers to be well organised, while prospective winners face daunting collective action problems, and therefore lack the necessary organisational coherence. In principle, a reform that generates a net social gain should be politically viable if a portion of the gains are used to compensate the groups experiencing losses, yet such compensatory mechanisms rarely exist, and are fraught with controversies where they do. There may be additional difficulties - as Fernàndez and Rodrik (1991) point out - regarding the uncertainties surrounding the reform outcomes. Not only are prospective winners likely to be poorly organised, they may not even know who they are.

3. *Short term incentives for decision-makers*: both the collective action and distributive conflict approaches to policy reform assume that policy is ultimately the result of conflicts among contending social groups. A third set of problems arises when the incentives faced by the government decision-makers themselves are examined. While theoretically politicians should be willing to undertake reforms that provide net social gains, institutional and political impediments may lead him/her to discount future gains, perhaps because of impending elections or the fear of demonstrations or riots. Given the institutional and political constraints that characterise most economies, it may be natural that the time horizons over which the politicians assess the political cost and benefits of reform are too short for the reform to constitute a viable policy equilibrium.

Taken together, these three problems suggest that the political and institutional prerequisites of successful reform can be daunting, particularly in situations where economic difficulties are severe. As Bianco and Bates (1990) argue, solving collective action problems requires either leadership or institutional mechanisms that coordinate the actions of different parties and provide credible assurances. Haggard and Kaufman point out further, that:

Managing distributive conflicts requires either the resources to effectively compensate losers...or the political capacity to override their objections. Finally, some degree of security of tenure would appear to be a minimal requirement of successful reform, since a high degree of insecurity shortens time horizons and increases the discount assigned to future payoffs (1995:158).

One of the key tasks for politicians to facilitate reform implementation - particularly during the phase of reform *consolidation* - is therefore to form coalitions. To reduce the uncertainty of reform outcomes triggered by collective action and distributive problems, the way government intentions are perceived by reform beneficiaries would need to be stabilised. This can be done by imposing checks on the discretionary authorities of government leaders and delegation of responsibility to professional policy-making agencies, but more importantly, as Haggard and Kauffman argue, reforms must also appeal to a “new coalition of beneficiaries. No reform can be consolidated in the absence of the organization of such groups and the establishment of effective networks of support and communication between them and state authorities” (1995:10). Of the representative mechanisms that might achieve these goals, political parties are the most crucial of all, especially in democracies, where they can provide institutional legitimacy to the support bases that are required to consolidate the policies.

Theorising coalition politics in a diverse society is a daunting task, with state, market and civil society all reflecting variegated and shifting coalitions of parties, interests groups and even regions (Brett, 2008). Formal coalitions, political as well as institutional, are rarely the

full story, as coalitions can form at much deeper cultural and social structural planes, with industrial and agrarian capitalists, professional middle classes and working classes all differentially constructed, regionally/nationally as well as at the levels of supranational, regional and global integration (Singh and Mishra 2004: 21). Vivek Chibber's comparative study of India and Korea demonstrates the cruciality of the support of business class. State-building exercises by several Indian governments were largely stunted due to a "highly organized and concerted offensive launched by the business class against the idea of disciplinary planning...because in the import-substituting model that India was undertaking, it was rational for capital to do so" (2003:29-32). However, these were successful in Korea, because the political elites there were able to build a successful coalition with a leading segment of the business class. For labour-based governments, a convergence into neoliberalism has important consequences for its coalition building efforts - especially with the labour unions. Victoria Murillo (2001), in her theory of union-government interaction, highlights how the complex dynamics of a transition from closed to open economy has important distributive consequences for union-government interaction, with union reaction ranging from "active resistance to passive quiescence. Some unions endorsed policies that hurt their constituencies and organizations. Others rejected market-oriented reforms despite their alliance with governing parties" (2001:2). On the other hand, an authoritarian regime's interest in allowing liberalisation may stem from a conscious decision by the regime itself or its elites for several political motives. As Nonneman (1996) points out, if liberalisation measures 'from above' in such regimes can be combined with civil society pressures, it may lead to far-reaching liberalisation of democratisation. However, as authoritarian regimes generally intend to maintain the essential controls themselves, one specific reason for introducing reform measures may be to push through the regime's chosen measures against

the opposition of anti-reform factions, thus aiming for a legitimisation of the regime in times of economic crisis<sup>13</sup>.

The above discussion highlights that the capacity to manage the political pressures associated with the initiation and consolidation of economic reforms is not simply a function of economic circumstances, but is also dependent on the way political institutions aggregate the preferences of contending social groups and empowered executives. The functioning of political institutions therefore requires a closer look.

#### **1.4.2 Political Institutions**

Lai (2006) provides a comprehensive summary of the various political institutions that play a key role in initiating and consolidating economic reforms. These include autonomous or executive political leadership (Haggard and Kauffman, 1995), technocratic competence (Nelson, 1990), legislative delegation, insulated agencies, decision-making rules (Snyder, 1999), election cycles (Nelson, 1990), and accountability of state institutions (Manzetti, 2003). However, in a paradigmatic piece of academic literature, Haggard and Webb (1994) focus on *political party systems* as the key institutional arrangement in ensuring reform sustainability. Political parties serve two important functions. Firstly, parties can impose checks on discretionary authorities of government leaders, thereby reducing uncertainty in reform outcomes, and secondly, they can also facilitate coalition formation, by establishing effective networks of support and communication between various interest groups and state authorities (ibid.).

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<sup>13</sup> This was a crucial motivation behind political liberalisation in Algeria, as well as, to varying degrees, in Egypt, Jordan, and Tunisia (Nonneman, 1996).

Managing party behaviour in transition economies in particular has increasingly come to be seen as a highly complex and challenging task:

[the] decline of mass production and expansion of the tertiary and informal sectors weakened industrial labor organizations, limiting their capacity to deliver the votes, resources, and social peace that had been the foundation of the traditional party-union ‘exchange’. These changes created an incentive for labor-based parties to rethink their programs, redefine their relationship with unions, and target new electoral constituencies (Levitsky, 2003:1).

However, such adaptive strategies ensuring a successful reform programme “generally run counter to the parties’ traditional programs and perceived interests of many other constituencies, party leaders often prove unwilling or unable to carry out such strategies. Yet if they do not adapt, labor-based parties face the prospect of electoral decline and marginalization” (ibid.). Therefore, individual political party responses to these challenges go a long way in explaining the diverse outcomes in different transition economies. For example, the Argentine (Peronist) Justicialist Party (PJ) was able to adapt quickly and successfully, and thus led to the positive trajectory of the Argentinian economy during the 1990s. On the other hand, parties like the Aprista Party in Peru and Democratic Action in Venezuela were largely unsuccessful (Burgess and Levitsky, 2003).

Given such variation in political parties’ ability to respond to economic pressures, it is important to understand the factors behind such divergence. Burgess and Levitsky (ibid.) provide a useful framework for the purpose.

Party leaders are placed at the intersection of two crucial dynamics which shape the incentives to formulate adaptive strategies - *external environment* and *intra-party structure*.

The first level of analysis is the environment in which parties operate, two important aspects of which are crucial in explaining adaptive strategies: electoral and economic environment.

*Electoral environment:* party strategies are heavily determined by the structure of the electorate and party systems, as electoral defeat leads to a loss of resources and support bases for party leaders (Downs, 1957; Panebianco, 1988). Thus the incentive to adapt is directly proportional to the magnitude of the electoral threat to parties' support bases. For contemporary populist parties, electoral threat mainly takes two forms. Firstly, *electoral ghettoization* - where parties face the risk of being confined to a declining support base of working and lower classes, with centrist/centre-right oppositions having eroded support from the middle class electoral base. Adaptive strategies under such circumstances include distancing from organized labour groups, softening class-based appeals and attempting to regain the middle-class electorate with media-friendly and issue based campaigning. Secondly, a challenge in their own electoral flanks by other populist parties or more radical left wing opposition, in which case the main adaptive strategies would constitute a significant leftward move in terms of policy orientation. The *location* of the electoral threat thus plays a significant element in shaping party adaptation.

*Economic environment:* macroeconomic conditions are the second important determinant of party adaptive strategies. A crisis-ridden economy would have both “reduced the resources available for carrying out traditional pro-labor policies and raised the potential costs (in terms of domestic inflation and access to international finance) associated with these policies” (Burgess and Levitsky, 2003: 886) thus pushing populist parties towards an adoption of market-oriented policies. In cases of extreme crisis, such a move becomes absolutely essential, as “the electoral cost of

failing to resolve the crisis is often greater than the cost of ‘betraying’ traditional populist programs” (ibid.: 887). In cases of moderate/short-term crisis however, the pro-market incentives are considerably weaker, and policy makers have a choice of manoeuvre vis-à-vis opting for international aid.

While the environmental factors highlight the *why*, or potential incentives to adopt a certain policy direction, they do not explain *how* parties actually respond to these incentives and their adaptive capacities. This is achieved in the second level of analysis, the intra-party structure. Two factors of the party organisation are of crucial importance, leadership fluidity and leadership autonomy.

*Leadership fluidity*: leadership turnover in parties is usually an important source of changes in party strategy (Harmel and Janda, 1994; Panebianco, 1988). However, the possibility of leadership renovation depends considerably on whether a party is characterised by bureaucratised hierarchies (which inhibit reformist trends and prefer to retain old guard leaderships) or more open with loose structures<sup>14</sup> (which facilitate fresh blood infusion).

*Leadership autonomy*: the second crucial organizational factor is the strategic autonomy of party leaders, particularly the chief executive, for decision-making purposes. Situations demanding quick and decisive actions require flexibility in party norms allowing the leaders room for manoeuvre, without extensive consultation with lower level authorities/affiliated unions. “Such flexibility depends on the degree to which office holding leaders are subject to institutional mechanisms that make them answerable to party authorities and/or trade union leaders, as well as whether these

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<sup>14</sup> Levitsky (2003) provides a detailed explanation of how institutionalization of party structure is inversely proportion to leadership fluidity.

intraparty actors have independent sources of power vis-à-vis office holding leaders (e.g., regarding legislative votes or candidate nomination procedures)” (Burgess and Levitsky, 2003: 887).

Frameworks such as these are crucial in understanding party behaviour under diverse economic conditions. However, in comparison to large macroeconomic analysis and the technical-institutional perspectives literature, the politics of transition literature is relatively restricted in scope and does not constitute a cogent theory-building exercise. Moreover, the literature focuses mostly on political liberalisation or democratic transition instead of the politics of economic transition. While it does offer a range of rich arguments on the political character of reform initiation and consolidation, and brings the role of the party system to the forefront, it also suffers from a number of serious shortcomings (Lai, 2006). First, with a few exceptions (such as Waterbury, 1989), little attention is paid to the political strategies adopted by the reformers. Instead, the literature focuses on why reforms proceed differently and what structural and predetermined factors and economic strategies led to contrasting processes and outcomes. With such extensive focus on ex-ante and ex-post political conditions<sup>15</sup>, inadequate attention is given to *how* reformers launch and sustain reforms, i.e., how political leaders in different countries actually outmanoeuvre opposition, manage setbacks, ensure and sustain large-scale support from grass root levels, etc. There is a large amount of material that has yet to be explored regarding the political finesse of individual economies such as China, Russia and India.

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<sup>15</sup> Ex-ante conditions- feasibility constraints that block decision making;  
Ex-post conditions- constraints of backlash and reversal after decisions have been made and outcomes observed (Roland, 2000).

Second, while the literature illustrates the role of social and political preconditions for economic transitions (e.g., Przeworski, 1991; Bates and Krueger, 1993) and highlights collective action problems and distributive conflicts (e.g., Nelson, 1990; Haggard and Kaufman, 1995), it largely fails to demonstrate how policy makers' choices can turn these preconditions or current social and political conditions into advantages. For example, the existence of a large rural population may be a favourable pre-condition for economic growth, but does not guarantee it. It is only through sensible and effective policies - often calibrated against political returns - that an economy can tap into, and exploit, the favourable conditions (Lai, 2006).

Third, the existing literature also does not demonstrate how reform strategies "help the rise and consolidation of market-enhancing institutions including an efficient government, as well as market-enhancing norms and laws to emerge and consolidate...[which] could in turn produce an incentive structure that rewards creative and productive economic activities on behalf of officials, localities and enterprises" (ibid.:10-11). While there is an extensive focus on decentralisation, Lai goes on to argue that the existing analyses are too general to be either persuasive or empirically illuminating. For example, the oft-repeated argument that China's decentralisation has stimulated provincial reform efforts (especially by giving all provinces fiscal discretion and claims to residual surplus) is too simplistic. In practice, contrary to the general perception that the centre gave the same amount of fiscal discretion to all provinces, the arrangements were significantly varied and complex.

However, taken together, these gaps in the existing literature reinforce the larger argument regarding the centrality of politics in economic reform studies. As Fisher and Gelb observed as early as 1991:

economic theory offers relatively little guidance on some important questions...[such as] the extent to which the state should play an active role...The most important strategic choices arise, however, out of the interplay between economics and politics...technocratic solutions for optimal transitions cannot be designed without taking account of the political constraints" (1991:103).

A similar view is echoed by Gelb, Jefferson, and Singh (1993:127): "perhaps the most important lesson...is that political economy, rather than simply economic theories, lies at the heart of socialist transition". Stiglitz observes in even blunter terms:

textbook economics may be fine for teaching...but not for advising governments trying to establish a new market economy...while due obeisance was paid to 'political process'- and insights into the political process were often put forward in justification of particular courses for reform- in fact, little understanding of these political processes were evidenced...Policy advisers put forth policy prescriptions in the context of a particular society- a society with a particular history, with a certain level of social capital, with a particular set of political institutions, and with political processes affected by (if not determined by) the existence of particular political forces. Interventions do not occur in a vacuum (1999:3-4).

It is therefore crucial for a study on economic transition to pay adequate attention to political processes, constraints, leaders' choices in circumventing those constraints, stimulating reform efforts, and maintaining reform momentum (Lai, 2006).

## **1.5 The Political Economy of Liberalisation: *evidence from the BRIC nations***

It is important to contextualise the above arguments by briefly examining the varied political backdrops in a number of economies on the path of reform, before proceeding to a detailed review of the same in India. The countries chosen are the remaining BRIC nations (i.e. Brazil, Russia and China), as together they present the largest, significantly varied, and the most widely discussed reform experiences in the world over the past few decades. However, an exhaustive and up-to-date analysis of policy transitions in these countries is naturally not

the objective of this work, and the following discussion will remain confined to the political trajectories during the early years of reform initiation and consolidation. The key argument of this chapter, i.e. the centrality of politics in reform processes, is well supported even by the initial course of events in each of these nations.

### **1.5.1 The First Decade of Reform in the Brazilian Economy**

Of the major Latin American economies, Brazil was the last to embrace market reforms. From the 1940s-1980s, the country had followed a state-led ISI oriented development model with very high growth rates and so there was neither a tradition nor any political will to support a market-driven economic model<sup>16</sup>. The first (partial) triumph for market reforms came in the 1989 presidential election. Brazil was teetering on the brink of cyclic hyperinflation (Baer, 2008), and Fernando Collor de Mello, reputedly inspired by Thatcherism, won on a liberal economic platform that denounced the traditional, bankrupt, and corrupt *dirigiste* development model. It seemed that the Brazilian electorate was finally willing to experiment with neoliberal reform measures (Roett, 2003).

On assuming power, Collor immediately announced a dramatic anti-inflation programme, liberalised the exchange rate regime, encouraged external competition, introduced privatisation and trade liberalisation measures, and other stabilisation measures. Even more controversially, eighty percent of all deposits in the overnight market and savings accounts that exceeded \$1300 (or equivalent) were frozen for eighteen months. Though inflation was significantly reduced, the concomitant sharp decline in liquidity led to a pronounced fall in economic activities, industrial production fell by 15.4%, and the GDP went into a negative growth rate (Bauer, 2008). However, while ineffective in stabilising the economy, Collor's

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<sup>16</sup> See Baer (2008) for a detailed discussion of the Brazilian economy.

programme is still noteworthy as the first post-1945 orthodox stabilisation measures in Brazil.

Naturally, such outcomes could not generate the necessary support for the second phase of reform measures. The public, at best, were sceptical, and the traditional political elite who were among the prime beneficiaries of the erstwhile ISI model, remained outright hostile. Collor was impeached and forced to resign by 1992, and vice president Itamar Franco, took over as first interim and then full-time president. He also proved ineffectual in providing political and economic leadership and it was not until the appointment of Fernando Henrique Cardoso as Finance Minister in May 1993 that the largely stalled reform programme once again gained some momentum. Cardoso's structural adjustment programme, revealed in June 1993, proposed a \$6 billion cut in government spending, tightening of revenue collection, and resolving the messy financial relationships between the federal government and the deeply indebted state governments (Dillinger, 1995). The second stage of the reform process (the Real Plan), a new currency pegged to the dollar, the *Real*, was formally put into circulation in July 1994.

A well known academic, Cardoso was a member of the new Brazilian Social Democratic Party (PSDB) - an offshoot of the traditional Brazilian Democratic Movement Party (PMDB) - which had succeeded in creating new coalitions by attracting younger and more progressive members of the old party, principally from the more urban and industrial areas of the country. Buoyed by this support, Cardoso then resigned as finance minister and announced his candidacy for the 1995 presidential race. His Real Plan was largely successful, as inflation was low, purchasing power had increased, and the economy was relatively stable when compared to the hyperinflation conditions of the 1980s or the price freezes and other experiments of the Collor regime. Cardoso won the election and took office in January 1995.

Predictably, the reform process picked up pace in 1995. Along with regular fiscal adjustments and trade liberalisation measures, the Brazilian economy also started to attract a sustainable flow of foreign capital in important sectors such as minerals and petroleum, telecommunications, etc. Cardoso's programme managed a clever combination of the use of democratic tools of negotiation and the traditional political practices based on the selective allocation of funds and state patronage, as demonstrated in 1995 by negotiating a partial liberalisation of Petrobras, the state oil monopoly, despite it being a sacred part of the nationalist litany since the 1950s and dominated by powerful unions. The degree to which the reform programme was politically consolidated was demonstrated in 1997, when in the face of the East Asian crisis, Congress legislators not only supported the president, but also promptly approved an emergency package (including civil service reforms, tax increase, and fiscal stabilisation - all potentially risky political moves). Ensuring such political commitment to structural reform was one of Cardoso's major successes, and the process continued with the privatisation of Telebras (the state telephone holding company) in 1998, auctioning wireless telephone licenses to private firms in 2001, etc. During the 1998 presidential elections, Cardoso's standing was high due to the growing public perception that finally market reforms were delivering for Brazil. Union protests and demonstrations, once generally endorsed by the public, drew less support, and opinion polls indicated that the median voter believed - for the first time in decades - that s/he was now better off and the future would be even better (*ibid.*). However, the second Cardoso administration (1999-2003) was largely disappointing in terms of consolidating the reform agenda further. Focused on avoiding contagion from the economic uncertainties in Argentina, the primary concern was macroeconomic stability, and there was little progress on second generation reforms such as liberalising labour markets, or tax and civil service reforms. By 2001, the erstwhile political consensus had also started to wane in the face of currency devaluation, a serious energy

crisis, and a series of political scandals. Cardoso's popularity continued to plunge, and the government had minimal political support in Congress for further reform measures (*ibid.*). In 2003, Luiz Inácio Lula da Silva, a former trade union leader and head of Brazil's Workers' Party (PT) replaced Cardoso in office<sup>17</sup>.

The story of the first decade of the Brazilian reform process demonstrates the importance of sustainable political support behind the consolidation of reform programmes, as Cardoso was able to hold his three-party plus coalition together for more wins than losses since 1995. In addition, as Remmer argues, Brazil also demonstrates "the mutually reinforcing nature of market-oriented reform and political democracy in contemporary Latin America...[and] the process of economic liberalization...has thus proceeded less at the expense of democracy than because of democracy" (2003:51). On the whole, the Brazil experience adequately supports the theoretical claims made earlier, that the nature of political leadership and coalition-building initiatives through political strategies are crucial determinants of reform outcomes. Therefore, it is interesting to observe how such internal political dimensions can give reform programmes a completely divergent trajectory, as witnessed in the next example of a reform economy - China.

### **1.5.2 The Chinese Development Miracle**

China's success in engineering an economic transition over the past three decades has been extensively written about - euphemistically labelled a *development miracle* - and the growth

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<sup>17</sup> Lula's victory was perceived by many - particularly domestic and foreign investors - as portending a dramatic shift to the left. The actual experiences of Lula's regime have been largely contrary, with the macroeconomic policy stance of the government being widely praised in international financial markets and multilateral agencies. The Cardoso regime had sought legitimacy for its market reform agenda primarily by linking it to low levels of inflation, but other important areas such as poverty levels, public services, social security nets for the poor and marginal communities had largely languished. Lula's regime, on the other hand, has done a credible job of continuing with market-based policies and also brought in significant reforms in the social security system. However unemployment, low real wages and serious inequity in income distribution levels continue to plague the Brazilian economy (Baer, 2008).

figures have indeed been phenomenal. The reform programme started in 1978, and the average annual growth rate of real GDP was 9% from 1978-1994 and 10.7% from 1990-1999. Even in the aftermath of the Asian financial crisis, China recorded an 8% growth rate in 2000 (So, 2003), and 10.3% from 2001-2011 (calculated from World Bank Data Indicators). Between 1978-2004 per-capita GDP grew at 8% a year, and in the countryside alone the numbers in poverty decreased from 40% in 1980 to 14% by the mid 1990s (Lai, 2006). In 2004, the vice-president of the World Bank for the Asia-Pacific Region commented: “since 1980, China has achieved poverty reduction on a scale that has no parallel in human history” (Lai, 2005:6).

There is little dispute over the fact that, at least in economic terms, China has outperformed all other transitional economies. However, there are serious disagreements about the nature and direction of the reform programme. The advocates of the big bang approach, for example, differ considerably from the incrementalists in assessing the way reforms were unfurled. The former group saw a large rural sector in China as a sufficient pre-condition for the reforms to ensure growth, argued that the Chinese reformers carried out their own mini big-bang in conducting critical reforms such as a drastic decollectivisation of the agricultural sector, and went on to claim that China’s conditions were so favourable that even a mindless strategy could have produced wonderful results (Sachs and Woo, 1994; Woo, 1994). The latter group, on the other hand, credited much of the success to a gradualist strategy and a number of delicate institutional arrangements, such as the removal of inefficiencies in a few chosen sectors at a time rather than comprehensive assaults of the command economy all at once (Lin and Cai, 1996; Puttermann, 1992, 1996), creating attractive incentive structures for local governments through fiscal decentralisation (Montinola, Qian, and Weingast 1995; Oi, 1999), etc. In addition, there is a string of literature providing testimony to the political skills

of the Chinese reformers in mobilising local support and the constructive role of local government in consolidating the reforms (Shirk, 1993; Huang, 1996; Yang, 1997; Chung, 2000; Zweig, 2002). However, there still remains a gap in the existing accounts of the reform strategies and the reform-accelerating institutional arrangements. Firstly, as Roland (2000) points out, what were the political constraints and conditions that shaped the reform process; and secondly, what were the political economic factors that drove the Chinese national and provincial reform policies? In addressing this gap, Lai (2006:13) summarises:

the Chinese economic reform was incremental and successful because of the reformists' strategic and tactical choices to overcome political and economic constraints...Confronted with constraints such as factional conflict among decision makers and a backward economy, Chinese reformists liberalized the economy incrementally, skilfully managed elite conflicts..., selected as early starters provinces that had a higher likelihood of success, and made delicate fiscal arrangements to induce a few provinces to launch pilot reforms.

Historically, the major political constraint to the reform process was strong opposition from the majority of influential veteran leaders against thorough marketisation. During the early years of reform initiation, the political elites in China were primarily divided into two camps - the reformists vis-à-vis the conservatives. The latter group did support limited marketisation, but withdrew support when liberal policies created economic, political and social problems, seriously undermined central planning, or if they perceived the possibility of losing political control (Baum, 1996). In addition, in the central group of the first-tier leaders during 1978-1994, only two (Deng Xiaoping and Yang Shangkun) were clear supporters of the reform process, while the rest were by and large conservative in the matter of reforms. Managing conflict with conservatives thus constituted a crucial yet delicate issue for reformists (Lai, 2006). Given such opposition, Chinese reformists, especially Deng Xiaoping, followed a zigzag reform path. When conditions were favourable, Deng pushed for dramatic liberal policies, when they were not, he retreated temporarily and waited for fresh

opportunities. When conservative policies did not work out, Deng would step up the criticisms of conservatism, and launch a new round of reform. This calculated strategy of ‘two steps forward, one step back’ allowed the reformists to maintain the direction of incremental reforms despite adversities, and also helped them circumvent the initial discontent that surfaced with sluggish income growth, high unemployment and inflation. When confronting inflationary pressures due to economic liberalisation, reformists tactically retreated from their agenda in order to retain popular support, and stepped out to argue for the need of reforms once a conservative programme resulted in economic stagnation.

Another crucial strategy was to purposefully allow reforms to start in a handful of chosen provinces via carefully designed fiscal measures, so that the level of personal consumption would increase rapidly and new jobs would be created. The measures included endowing provinces with certain fiscal capacities and asking only for a moderate remittance to the centre, so that a higher revenue share could be retained locally. Not only did such careful selection of particular provinces prevent possible chaos and waste of resources in an unmanaged reform exercise nationwide, but the success of these provinces was a compelling lure which other provinces would then wish to follow. This was a sophisticated political tactic employed by the reformists, as provinces varied in their inclination towards reforms, depending on how each was positioned to construct a market economy. The reformists had to design a strategy that would motivate provinces to undertake reform measures and reward them to do so. They did this by initiating competition and announcing a winner for provincial reform in order to create a domino effect. For example, Guangdong, a province adjacent to Hong Kong, was opened up first to provide the entrepreneurs from Hong Kong with cheap labour and new markets. The central government also encouraged the development of light industries and non state businesses in the province. As a result, local fiscal revenue increased

rapidly as both consumption levels and employment opportunities grew. Other provinces were impressed with the success of Guangdong and demanded similar policies from the national government.

A third important factor that played a significant role in consolidating the reforms was the political dominance of the party and the coordinating authority of the central government. While political domination may be seen as a liability in the pursuit of reforms, in China the party played a major role in coordinating and sanctioning reforms in the provinces. In fact, Deng managed to consolidate the support from conservative veterans for his paramount leadership by forging an alliance with them and supporting the party's monopoly of power. Such efforts, in turn, also demonstrated that he was genuinely committed to salvaging the political regime rather than undermining it (*ibid.*). Other important strategies that consolidated the initiatives were the recruitment of young technocratic and liberal leaders, demoting Maoist provincial cadres, and installing liberal reform-minded cadres in top national positions. In promoting provincial leaders, the central government adopted their ability to induce reforms and generate growth as the primary criterion for judging performance, thus giving tremendous incentives to local officials to adopt marketisation measures and liberalise the local economies. Many of the provincial leaders (such as Qiao Shi and Li Ruihuan) rallied behind Deng's call for bold marketisation in 1992, and continued the agenda steadily even after him.

Evidently, as Lai (2006) argues, how to start and sustain incremental reforms has been arguably the most daunting task for Chinese leaders. They needed to make wise political decisions regarding the sequencing of reforms and the choice of localities for implementation that were appropriate in the existing economic settings. And the choices made - with an eye to turning political constraints to advantages, mobilising support for each major reform

measure, and locking reform into a set direction - have been highly fruitful over the years. However, this political management of reforms was executed in a specific way, while rejecting other alternatives. Deng supported marketisation but opposed democratisation, fearing that the latter would generate chaos, weaken the state's governing capacity and undermine the party's power. He opted for compromises with the conservative factions, and carefully steered clear of the path of political reforms that Gorbachev tried in the Soviet Union (with completely contradictory outcomes). Therefore, like the Brazilian case, the contrast between the Chinese and the Russian transition experiences (both being one-party states) once again underline the importance of political strategies and coalition formation, not only during the initiation-consolidation phases, but also in determining reform outcomes.

### **1.5.3 The Russian Crisis of the 1990s**

Since its re-emergence as a sovereign state in 1991, Russia has been heavily engaged in both economic and political restructuring strategies. Unlike China, where the reforms were unfurled at a gradual pace and in a zigzag manner, the collapse of the USSR presented Russia with an urgent need to adapt its economy, political and social institutions to the laws of an open economy. The newly exposed failures of the Marxist-Leninist foundations of the state also meant that 'soft' reforms - attempting a compromise between marketisation and social needs - were rejected outright as 'remnants of the past' and thus 'hostile' to the aspirations of new Russian democracy (Reddaway and Glinski, 2001; Tsygankov and Tsygankov, 2004). The Russian reformists - under President Boris Yeltsin - thus engaged in a radical reform programme formulated by three powerful groups of intellectuals: western economists including Sachs, Fisher, Summers and Lipton; Russian economists such as Gaidar; and the Bretton Woods Institutions (Aslund, 2002). In January 1992, the Yeltsin government

liberalised the majority of prices practically overnight, and freed foreign trade and financial markets from state control later in the year.

The government had hoped that the free price mechanism would rectify the distortions of central planning. However, a sequence of big-bang reform measures focused on consumption, external trade and finance, while leaving other crucial facets of the economic system such as domestic prices for raw materials and the rigidities in the labour market untouched, led to severe hyperinflation. Annual inflation levels reached 2500% in 1992 alone, and in the absence of tangible productivity, trade and price liberalisation created an environment of intense financial speculation (Nesvetailova, 2005). For example, when the state price of oil in Russia was only 1% of the world market price, domestic prices of other commodities were about 10% of world prices. Furthermore, as Stiglitz (2002) notes, managers of state companies bought raw materials from state enterprises they controlled, acquired export licenses and quotas from corrupt officials, arranged political protection for themselves, and then sold the commodities abroad at world prices. Trade liberalisation combined with distortions in the domestic economy also meant that cheap imports flooded the markets destroying domestic producers. And with stagnating industrial production, income levels almost perpetually lagged behind inflation. On the whole, Russia's shock therapy approach to economic reforms not only aggravated the economic crisis of the late Soviet period, but transformed it into a profound economic depression, with the economy contracting by 15% from its 1989 levels in 1992 alone (Nesvetailova, 2005). Throughout the 1990s annual capital flight out of Russia averaged \$25-26 billion per year, while annual FDI in the economy only averaged \$4-6 billion (Aslund and Dimitrev, 1999; World Bank, 2002). The recession continued for the next eight years, and was one of the deepest in Eastern Europe (Kolodko, 2001).

Naturally, political support for Yeltsin quickly waned against the backdrop of such devastating socioeconomic conditions, and he had little chance of re-election in 1996. However, despite explicit corruption, undemocratic actions and feeble results from economic reforms, Yeltsin successfully negotiated with the IMF to disburse its largest loans to Russia, totalling \$5.5 and \$3.8 billion respectively (Smee, 2004). He was also able to bring in international political consultants to support his presidential bid in the name of ‘saving the world for capitalism’ (Nesvetailova, 2005). As Sussman and Galizio (2003:326-7) wrote:

Consultants...worked under cloaked arrangements for Yeltsin’s camp...They boasted of saving Yeltsin from certain defeat and Russia from a return to the Cold War, and admitted to using a host of dirty tricks in their advertising strategy to sow fear among Russians. The political ads...warned that a Zyuganov victory would bring back a command economy and a climate of terror. Ignored were the out-of-control economy, Yeltsin’s own predilections for autocratic control, and his broad use of repressive tactics while serving as an unelected head of state.

Yeltsin also managed to ensure the backing of influential domestic elites, particularly a select group of Russian bankers who had capitalised on the post-1992 market opportunities and thus controlled substantial financial assets. They agreed to lend the government enough funds to meet the budget deficit, but in return acquired managing control over various state enterprises, mainly in the oil and natural gas industries (Nesvetailova, 2005). This became a de-facto privatisation mechanism for large scale state companies and one that was to all intents and purposes free, as the amounts initially paid to the government were nowhere near the real value of the enterprises (Bedirhanoglu, 2004). The resulting extreme polarisation of wealth gave rise to the term *oligarch* in Russia, which became closely linked with the re-elected Yeltsin government in 1996 (Buiter, 2000; Freeland, 2000). By the late 1990s, oligarchic groups represented a firmly established form of control in the Russian political economy, with three or four groups controlling no less than 70% of the economy (Yavlinsky, 1998).

By 1998, the Russian economy was in severe financial crisis with its entire budget deficit being financed by external borrowing. Even an IMF rescue package did not work, and Moscow had to devalue the rouble and ultimately default on its debts (Buchs, 1999). Moreover, there were intense speculation that part of the IMF loan had ended up in the foreign bank accounts of certain members of the Russian government, and even the World Bank (1999) observed that elaborate schemes of money laundering, involving foreign banks and offshore accounts, were constructed with the assistance of Russian oligarchic structures. The August financial crisis<sup>18</sup> came as an enormous international shock, exposing the disembedded nature of Russia's neoliberal project. As Nesvetailova (2005:248) observes:

Throughout the decade Russia's reformist governments quite naively understood 'neoliberalism' as a package of economic liberalization, privatization, and stern restriction of the aggregate demand. Such vision led to the emergence of a mutant, quasi-market type political economy. While the central elements of neoliberalism...have been imported into Russia, they did not facilitate a comprehensive transition from planned to market economy...Not only was the actual implementation of neoliberal restructuring hampered by Russia's structural and political crisis; the perils of building capitalism were aggravated by institutional failures, power conflicts and global economic volatility.

The Russian shock-therapeutic neoliberal experiment of the 1990s under Yeltsin thus led to severe social discontent, with poverty, social polarisation, unemployment, crime and corruption becoming tantamount to the efforts to build capitalism in the country (*ibid.*). The future course of reforms in Russia, as witnessed during Vladimir Putin's regime post-2000, tried to re-establish the centrality of the federal government in the political system of the country, attacked some of the most conspicuous oligarchs of the previous decade, and above all, worked towards securing political legitimacy and a social base for Russian market economy. Market economy, Putin argued, "should be founded on the central role of the state

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<sup>18</sup> The Russian financial crisis (also called the "Ruble crisis") hit Russia on 17 August 1998.

in negotiating private and public interests, on the rule of law, on developed civil society, and crucially, on social stability...” (2004)<sup>19</sup>.

The above accounts, taken together, present a diverse and often contradictory turn of events during the course of reform initiation/consolidation in each of these nations. The Brazilian and Chinese examples demonstrate the effectiveness of a gradualist approach, and at the same time bring the importance of forming coalitions and devising political strategies to the forefront. The Russian case highlights the dangers of adopting a blanket approach which ignores domestic political-economic trends, and also testifies to the role of influential interest groups, particularly backdoor political collusions, in determining reform outcomes. On the whole, while divergent in their individual rights, all three cases bring forth the centrality of politics in the management of economic reforms. No nation/economy engaged in similar transition initiatives can afford to ignore the core political issues, such as distributive conflicts, the winners and losers of the process, how they organise (or fail to) the necessary negotiation to create consensus and coalition, etc.

There is, however, something to be said about the analytical scope of these narratives, and also that of a wide range of case studies on the lines of ‘the politics of economic reform in country X’<sup>20</sup>. While the importance of a generic set of political processes and institutions is highlighted, they tend to suffer from an analytical shortfall of, firstly, a *restrictive conception of politics*, which limits the area of inquiry only to specific measures, rather than to reform, conceived broadly as a redirection of policy orientation (Jenkins, 1999). In their efforts to

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<sup>19</sup> The Russian economy over the past decade has shown significant signs of revival. Since 1999, the GDP has been growing steadily according to World Bank Data Indicators. Employment, real wage and foreign reserves have also been on the rise, and the federal budget largely in surplus (Nesvetailova, 2005).

<sup>20</sup> Many such studies have been cited earlier, such as Nelson (1989, 1990), Meier (1991), Haggard and Kaufman (1992, 1995), Bates and Krueger (1993), Williamson (1994), Haggard and Webb (1994), Nonneman (1996), etc. They present extensive case studies on countries from Latin America, Eastern Europe, to the Middle East, sub-Saharan Africa and Eastern Asia.

present a generic hypothesis, most of these studies tend to prioritise reform measures which seem to have enough universal importance (usually ‘the big four’ of fiscal, monetary, exchange rate, and trade policy), and in the process lose the ability to convey the specificities of individual cases. The loss is not only that of local flavour, but also of the chance to put forward a holistic explanation why some countries are able to sustain a general reorientation of economic policy, since many less visible reform measures contribute to the political sustainability of the ‘big four’ reforms themselves. This happens when, for instance, politicians operating at lower levels of the political system are implicated in the reform process, forced by political implications stemming from the ‘general’ reorientation of policy to pursue ‘minor’ reforms within their jurisdictions. Rendering the lower-level political actors responsible for these ‘small’ (or, ‘important but not universal enough’) reforms leads to a limited understanding of the political processes that play a key role in undertaking the micro-reforms upon which overall policy reorientation, not to mention successful economic outcomes, crucially depends. The second problem is an inadequate characterisation of political institutions. Stemming from the theoretical hypothesis “that polarized party systems, in which wide ideological differences separate the main political contenders, encourage bidding wars between competing political forces and produce destabilizing swings in policy” (Haggard and Webb, 1994:9), the sole focus seems to be on assessing how differences in parties, electoral systems and bureaucratic organisations can affect the choice of policy. While these are all areas worthy of study, a universal conceptualisation based on their fragmentation or polarisation does little to advance the understanding of why the aims of reformers are sometimes thwarted and sometimes achieved, even if the institutional arrangements are not necessarily conducive (i.e. not fragmented or polarised respectively). There are many cases (particularly India - see next section) which contradict such generalisations. The third and final problem is the way in which the issue of ‘building

coalitions for reform' is treated. While the fundamental question of how to construct a base of political support for policy is well-recognised, focusing on the 'near universal' reforms limits the search for instances of compensation almost exclusively to within the ambit of such selective issues. This misses the types of compensation that not only are far more varied, but also offered in many cases to rather narrowly defined sections of large and diverse interest groups, and in policy arenas far removed from the big ticket reforms.

The above criticism derives largely from Jenkins's (1999) work, where he posits India as a counter-example, both unique and intriguing in its own right. In India, as in most state-dominated economies, there are powerful groups and individuals with a strong interest in maintaining the status quo. These include bureaucratic and political elites who have prospered as gatekeepers of economic and political sovereignty; their accomplices in the private sector who are not only well-off financially (largely as a result of the privileged positions they have occupied within the controlled economy), but also extremely well organised; influential farmer lobbies fearing the loss of subsidies; protected industrialists fearing foreign competition, and so on. On the other hand, the groups that might stand to benefit from liberalisation tend to be poorly organised and lacking in influence. They are of little use to reformers seeking a constituency with which to counter the inevitable resistance. Furthermore, a democratic setting is believed to add to the difficulties of bringing about sustainable policy reorientation, as political leaders are usually disinclined to foment unrest among powerful opponents of reform who have strong vertical linkages with electoral constituencies which can be mobilised in opposition. Attacks on a reforming government's 'capitulation' to international forces, and its 'betrayal' of the 'socialist' commitment to economic justice are also particularly effective. Such a theoretical aversion to change that a democracy such as India should possess was evident during the 1970s and 1980s, when Indira Gandhi and Rajiv Gandhi's efforts to 'modernise' and 'liberalise' the economy had

only a limited impact. But liberalisation eventually returned to India in a much more dramatic and lasting fashion during the 1990s under the P. V. Narasimha Rao led Congress government, and exhibited a political durability that ran:

... counter not only to much of the experience in the rest of the developing world, but also to India's own lacklustre track record. How can we explain the ability of liberal reform to become rooted in India despite the daunting array of political obstacles placed in its path? India is not only a democracy; it has been one continuously for the past fifty years: unlike newly democratising countries in the developing world, or in the former Eastern Bloc, there are no discredited authoritarian regimes on which past failures can be blamed...The two coalition governments which succeeded Congress...had campaigned on anti-liberalisation platforms. That both ultimately pressed on with reform – substantially deepening its content – makes reform's political durability all the more intriguing (ibid.:3).

## 1.6 Economic Liberalisation in India

The transition of the Indian economy from an era of *dirigiste* development spanning more than four decades to a period of economic liberalisation has been a recurring topic in academic debates ever since India embraced an era of concerted economic reform in 1991<sup>21</sup>. “India has fundamentally altered its development strategy”, announced the World Bank in 1996, and went on to comment that the New Economic Policy (NEP) of 1991 had

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<sup>21</sup> By early 1991, India was suffering from a massive economic crisis: a deep fiscal deficit juxtaposed with an almost unmanageable balance of payments scenario and acceleration in inflation rate (Nayyar, 1996). The origins of this crisis, Nayyar wrote, could largely be traced back to the large and persistent macro-economic imbalances during the 1980s - mounting fiscal deficit being met by borrowing at home and persistent current account deficits in balance of payments, financed by borrowing from abroad. Exogenous factors such as the Gulf War crisis also had an impact on the situation. By the summer of 1991, India barely had sufficient reserves to pay for two weeks' worth of imports, and was finally compelled to adopt a structural adjustment programme. Reforms were introduced in the industrial regulation structure (removal of licensing and other barriers to entry), trade regime (devaluation of the rupee, removal of export subsidy), opening up to foreign direct investments, etc. The task of restoring stability was shouldered by Dr. Manmohan Singh, economist, ex-governor of the Reserve Bank of India and Finance Minister in the Narasimha Rao led Congress government (and the current Prime Minister of India), and the Indian reform process is dated to his presentation of the Union budget to the *Lok Sabha* (lower house of parliament) in July 1991 (Corbridge and Harriss, 2000).

restructured the basis of the Indian economy and “ended four decades of planning and...initiated a quiet economic revolution” (World Bank, 1996).

Advocates of liberalisation have long argued that the reforms not only attracted foreign investment to India and rescued the country from economic doldrums, but also brought about a sea change in *ideas* about the role of the state and markets in the economy (Parikh, 1999).

Within two years of Manmohan Singh’s first budget in the *Lok Sabha*, Jagdish Bhagwati wrote:

The energy, talents, and worldly ambition of India’s many millions...need merely an appropriate policy framework to produce the economic magic that Jawaharlal Nehru wished for his compatriots, but which, like many well-meaning intellectuals of his time, he mistakenly sought in now discredited economic doctrines. We finally have thus elusive policy framework within our grasp (1993:98).

By the mid-1990s India could reasonably be described as an emerging market (Corbridge and Harris, 2000), and the *Economist* newspaper acclaimed the reforms as “nothing less than a repudiation of India’s distinctive approach to development - a repudiation, that is, of Nehru’s vision of socialist self-reliance” (The Economist *Survey of India*, 1997). However, while they commended the reform process, the neoliberals also maintained that “the initial seed and scope of reforms in India were just about right” (Bhagwati, 1998:37). They encouraged the government to undertake further reforms - particularly in the public sector that was *crying out to be privatised*, and in the archaic labour laws (*ibid.*:38; *emphasis added*) - which would recognise that “globalisation is an irreversible process” (Lal, 1999:46).

With the benefit of hindsight it can be said that the reforms that were initiated in 1991 and continued unevenly through the next fifteen years, significantly transformed India’s relationship with the global market place. At the same time, however, it also should be recognised that the government in New Delhi never embraced the shock-therapy that was in fashion for a while in the ex-Soviet Union states or parts of Latin America. This did not mean

that further rounds of reform were not tried or could not gain political support (Corbridge and Harris, 2000). In fact, there has been relatively little political backlash against reforms (as opposed to occasional rhetorical skirmishes), and many political leaders, irrespective of which party they belong to, have supported liberalisation (Bardhan, 1998). However, much of this is missed in the neoliberal account. An insistent preference for ‘markets’ over ‘states’ has blinded its adherents to the politics of economic liberalisation (save for the view that politics - in the form of vested interests - is an impediment to reform), both in terms of the mainsprings of reform and of its social and spatial consequences (Corbridge and Harris, 2000).

Jenkins’s (1999) work does much to bring forward the fact that economic liberalisation in India has not only been more radical and continuous than most of its critics allow, but also demonstrated a quality which has surprised many observers – staying power. This raises an important question - how did the reforms attain *political consolidation*<sup>22</sup> despite a daunting array of structural obstacles? The answers are limited, and while some explanations hold a democracy’s salesmanship qualities as the chief reason (as proposed by aid agencies), they “neglect the capacity of democratic governments to usher in policy reform by engaging in *underhanded tactics*, one of the salient features of the Indian case” (*ibid.*:4; *emphasis added*). This makes the Indian reform experience unique, as existing theories of democracy and development (with a pre-occupation with newly democratised nations) are unable to capture the complexities of the politics of economic liberalisation in India.

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<sup>22</sup> Jenkins defines *political consolidation* as the reforms having attained self-sustainability, generating a chain of demand for more reforms from the domestic political arena (1999:15).

### **1.6.1 Liberalisation by Stealth, Inter-Jurisdictional Competition and Provincial Darwinism**

The unique feature of reform implementation in India, Jenkins argues, lies in its gradual approach. This does not just imply that reforms unfolded at a slow rate, but rather followed:

...a strategy of carefully laying a foundation by using less transparent means of initiating change in an effort to avoid direct political confrontation for as long as possible. The objective is to provide more conducive circumstances under which further changes can be effected at a later date, when potential supporters of change are more likely to prove politically useful, and opponents less capable of mounting resistance (ibid.:14).

Jenkins's wider argument is that, disguised under a slogan of continuity, the reforms were pushed through quickly and consistently. The process was guided by politicians who were experts in coalition-building, and worked behind the scenes in India's democratic polity to "blunt the edge of opposition to reform" (ibid.:160). The governing elite of India, Jenkins noted, were attracted by the potential of liberalisation to provide new sources of patronage, substituting some of the ones forfeited by the shrinkage of the state's regulatory role, and also the possibility to create new interest groups and be more responsive to the changing political scenario. Politicians from a wide range of party lines - such as Narasimha Rao and Sharad Pawar (Congress; though Pawar broke away from Congress in 1999 to form the Nationalist Congress Party) to Deve Gowda and Biju Patnaik (Janata Dal) - had sought to capture such benefits by means of *obfuscatory and manipulative tactics* with an eye towards neutralising opponents. There was *outright pilfering* by the power brokers, and also tactics such as:

Shifting unpleasant responsibilities and blame to political opponents, surreptitiously compensating selected interests, concealing intentions, reassuring and then abusing the trust of long-time political allies, and obscuring policy change by emphasising essential continuity (ibid.:9).

This is the essence of *liberalisation by stealth*, a political game of giving the impression that the reforms are far short of what is required and the really important and difficult decisions have yet to be made, whilst quietly continuing the process.

The understated nature of what has been taking place in India... [is] the chief reason why policy changes with such far-reaching implications could escape the political minefield that democracy lays in their path: that is, *stealthily* introduced reforms succeed largely because of the stealthy means through which they are introduced (ibid.:16; *emphasis added*).

As noted by Corbridge and Harriss (2000), Jenkins takes issue with the proponents of ‘democracy-in-general’ (such as Przeworski, 1991; Haggard and Webb, 1994; Haggard and Kaufman, 1995) or ‘good governance’ (such as World Bank, 1992; 1994) who seem to think that democracy is primarily about open and competitive politics, accountability and transparency, and who bemoan the meddling of politicians in matters ‘economic’. Instead, Jenkins maintains that the reform-initiating state in India is at once a democratic state and a dirty state, and therein lays the source of the political consolidation of the reform process.

A second aspect of the reform process that deserves attention is its impact on the Indian federal structure. A salient feature of the reforms is the divergence it brought to the different regional states’ economic performance, and “the concentration of foreign direct inflows into a few states...[which] has raised concerns about the aggravation of financial disparities among states. The concern about asymmetric development between different regions in developing countries has been long-standing within the literature on economic development” (Sáez, 2002:16). The liberalisation policies, Sáez argued, have had a long lasting repercussion on the Indian federal structure, having changed the federal relations from “inter-governmental cooperation towards inter-jurisdictional competition among states” (ibid.:135). Historically, centre-state fiscal relations in India have often been acrimonious, primarily due to unequal resource transfer by the central government between the states. Although the introduction of

the NEP did not bring about any particular change in the central government's financial relationship with the states, there was a gradual reduction in the states' dependence on central government as their primary source of revenue, owing largely to the influx of foreign investment. The central government, at the same time, started to encourage states to be more fiscally responsible<sup>23</sup>, but the effect of this was not uniform across the country, and "economic liberalization policies have had the effect of pinpointing foreign investment magnets and foreign investment laggards"<sup>24</sup> (ibid.:146). The result was an increasing polarisation among the states in terms of economic development, thus altering the federal relation between the central government and the states from an erstwhile cooperative structure to one with a diminished significance of the central government and increased inter-state competition.

In a similar vein, Jenkins also recognises the increasing importance of states in managing the economic reforms. In post-1991 India, states came to act as agents – both championing regional interests, and inaugurating new political alliances and accommodating initiators in the process of incremental reforms. Pro-liberalisation scholars often argue that delegating responsibilities to state governments would hinder efficient implementation of economic reforms, due to the multi-tiered political administrative system that characterises Indian federal structure, but Jenkins points out that it is precisely this multiple level federal political system that has helped to make the reform programme sustainable. There are three main ways in which this process operated. Firstly, policy decisions by central authorities were designed deliberately to aggravate inter-state divisions and interests: while states which gained from the reforms had little motivation to oppose them, states which suffered had fewer allies with

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<sup>23</sup> For example, the National Development Council under the BJP-led coalition government outlined reform packages for each state with the aim of reducing untargeted subsidies, unproductive expenditures and subsequent borrowing.

<sup>24</sup> As Sáez shows, three states (Maharashtra, Gujarat and Tamil Nadu) and the union territory of Delhi accounted for nearly 50% of all FDI approvals made in India from 1991-1998.

whom to pose a serious challenge to the liberalization process. Secondly, the political engines of economic interests were also fragmented by the central authorities along regional lines, which reduced the political potency of such economic opposition. And finally, certain non-Congress state governments were lured by the central authorities into supporting the reform agenda with political incentives<sup>25</sup>, thus once again reducing the potency of any remaining political resistance (Jenkins, 1999).

Jenkins defines this process as *Provincial Darwinism*: utilisation of the variation in performance among states to fragment political and economic opposition to reforms along distinct regional lines, and thus in turn reducing the potency of such resistance from a variety of state level political elites (1999:133).

This analysis rests on the fact that under the reforms, states' economic performances continued to differ. Why did some states either choose not to, or prove unable to take full advantage of the liberalised economic regime? Jenkins explains:

[t]his happens for two main reasons. The first has to do with the initial conditions which prevail in various states: both the economies and political complexions of different states vary considerably, affecting the relative cost and benefits of individual reforms, as well as the capacity of interests to influence state-level responses. The second reason is...that state-level governing elites pursue different strategies for coping with the changed policy environment wrought by central government reforms. This encompasses economic policy as well as tactics of political management, both of which are affected by the differences in initial conditions mentioned above" (ibid.: 138).

This above idea - of sub-national variation in political economic conditions, and different political strategies pursued by the regional elites in response to the reforms - brings this chapter to the focal point of this thesis, that of the course of events in one such regional state - West Bengal. The political dilemma that the ruling elite in West Bengal faced when

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<sup>25</sup> Examples include the then Shiv Sena Chief Minister of Maharashtra- Manohar Joshi and Janata Dal Chief Minister of Bihar- Laloo Prasad Yadav.

confronted with the economic reforms was not only unique in its own right, but also presents a fascinating study of how large-scale economic reforms can create localised political ripples, a study which in turn aids the understanding of the wider process of reform sustainability, particularly in a diverse, fragmented and vigorous democratic polity such as India. While Jenkins's work has its drawbacks<sup>26</sup>, the pluralist view of Indian politics that informs his arguments stands as a welcome contrast to the more anodyne accounts of state and politics that are to be found in some neoliberal writings of liberalisation (Corbridge and Harriss, 2000). It is this notion of 'politics' that provides the conceptual core of this thesis in narrating the story of West Bengal.

## 1.7 Conclusion

The objectives of this chapter were as follows: to highlight the larger theme of – along with the wide array of puzzles that are associated with – economic transition from *dirigisme* to neoliberalism; emphasise the centrality of politics in such transitions, both in theoretical and empirical terms by drawing evidence from a number of countries across the global South; sharpen the focus on to the politics of liberalisation in India; and finally, to enter the domain of West Bengal. This thesis addresses the politics of policy transition in West Bengal, embedded within the overarching arc of its political history over the past two decades. However, it is not just a story of a set of regional dynamics within the Indian federal structure with little resonance for a wider political-economic audience. Rather, West Bengal represents a microcosm in which we may study a set of puzzles that has much to say about similar economic transitions elsewhere, particularly with regard to *the translation of large-scale*

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<sup>26</sup> Jenkins's work suffers from one major drawback. It fails to recognise the *partiality* of the reform processes (Corbridge and Harriss, 2000), i.e. the way they have been consistently phrased to address the concerns of India's urban and industrial (and even agricultural or political) elites, with little regard for the impact of structural adjustment upon the poor or upon the sustainability of the reforms themselves.

*macroeconomic policy decisions into distinct trajectories at ground level, and how such acts of translation are intensely political both in agency and outcome.* The narrative also shows how transition initiatives can be contested/subverted in the realm of ideas and discourse, how their consolidation depends upon vertical as well as horizontal negotiations (i.e. across political levels and hierarchy), and how their execution transgresses consensus-building and becomes a political process in its own right. The West Bengal story demonstrates that *transition* is not just about policy formulation, reform measures or economic indicators. It is a challenge far more complex, capable of mobilising intense political forces at various levels of a democratic polity, transforming ideologies, and becoming an agent of not only socio-economic changes, but also violence, hegemony, and morality.

## **PART II**

## Chapter 2

### **From the Party of *Bhadraloks* to *Party-Society*: Trends in Bengali Left Politics**

*“The sweeping victory which the Left Front registered in West Bengal in the Vidhan Sabha elections last June was not an accidental flash in the pan. It merely confirmed, in the form of an external evidence, a truth which the quasi-fascist terror of the past half-a-dozen years had succeeded to blur, but could not obliterate...the Left Front government in West Bengal embodies a corpus of dreams and hopes...it would captivate the imagination of the millions who constitute India's exploited majority and pulsate them into an all-compassing drive for social revolution.”*

(Mitra, 1978:3-8)

*“Once a political movement becomes an object of public hatred and derision, it presages the erosion of its base and forecasts the eclipse of its credibility. Sad to say, the Left movement in West Bengal is hanging under such a threat... The germs of intolerance, insecurity and pugnacity with which it was contaminated at its birth, turned into a full blown aneurysm.”*

(Banerjee, 2007:1240)

#### **2.1 Introduction**

The stark contrast between the opinions above aptly mirrors the swing in the popular perception of the Left Front government in West Bengal over thirty years. While long-serving political regimes across the world have often grappled with challenges to their ideological core, the criticisms that surfaced against the Left Front in its last few years were not only acute, but also surprisingly sudden. Allegations of ideological bankruptcy and a loss of moral legitimacy had been growing (particularly against the CPIM) and, hand in hand with a “series of poll debacles following a thumping victory in the West Bengal assembly elections in 2006 [which] has left the ruling Left Front in West Bengal completely shell-shocked. [Still] it did not quite anticipate the tide of popular mood to cause almost a lateral shift in its electoral

base in the urban, and most dramatically in the rural, areas of the state”, initially, the Left leaders could react with only disbelief (Bhattacharyya, 2010:51).

The sudden political decline of the Left Front (coupled with a marginalisation in the national political landscape) since 2008<sup>27</sup> presents a rather interesting puzzle. Why was a Left government with a pro-poor image and prolonged record of electoral success suddenly faced with charges of ideological bankruptcy as well as governance deadlock?

It is a puzzle that should be contextualised against the political history of West Bengal, and needs to be seen as the culmination of a series of inherent contradictions embedded in the path of economic development charted by the Left Front since the beginning of economic liberalisation in India. The emphasis of this research will therefore be on a reappraisal of the political economic history of the Left regime and particularly that of its majority partner, the CPIM, over the last two decades. Two distinct areas will be examined: the conditions necessitating the transition from an erstwhile agricultural-based growth model to a more pro-market economic agenda post-1991 and the political strategy employed to manage the transition, attract private capital and at the same time sustain the party’s traditional rhetoric and partisan character. The key to understanding the recent political developments in West Bengal lies in these twin narratives.

As argued in the following chapters, there was a series of contradictions both in the ideological adjustments and operative style of the CPIM post-1991, which continued to accelerate underneath a much publicised strategy of industrial development. Though these contradictions emerged from some of the basic defining features of the party, the traditional literature on West Bengal - formulated primarily during the 1980s - does little to highlight

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<sup>27</sup> The Left Front suffered its first major loss in the state *panchayat* elections of 2008, and also left the UPA (United Progressive Alliance) coalition at the centre in the same year.

them. More recent accounts by authors such as Harihar Bhattacharyya (1998), Moitree Bhattacharya (2002), Dwaipayan Bhattacharyya (2004, 2009, 2010), Sinha (2005, 2007), Sarkar (2006, 2007), Roy (2002, 2004), and Khasnabis (2008), have successfully brought much of the implicit dynamics of the regime to the fore, but as yet there is no comprehensive account of its ideological modifications, operative style and factional struggles in the wake of economic reforms. However, to understand the politics of transition in the most stable democratic Left regime in the world, creating a narrative of its “structures of mediation, legitimacy, control and autonomy” (Bhattacharyya, 2010:52) is absolutely essential.

The aims of this chapter are thus threefold: to present a brief account of the emergence and trajectory of Left politics in colonial Bengal and subsequently in West Bengal; to review the dominant discourse of the Left Front that has emerged since 1977 (although due to the quantity of literature available, the focus will be on its shortfalls) and to review a different analytical construct - the *party-society thesis* (Bhattacharyya, 2009, 2010) - which will provide the research with the point of departure for its own narrative.

## **2.2 A Brief History of Left Politics in Unified and West Bengal**

West Bengal is the 13<sup>th</sup> largest state<sup>28</sup> of the Indian Union, with a population of approximately 91 million<sup>29</sup>. It is one of only three states where the Indian Left parties have had repeated electoral success (Kerala and Tripura being the other two, though neither of them display similar patterns of concerted political stability). However, while West Bengal became synonymous as a Left bastion owing to its uninterrupted (and unprecedented) Left rule post-1977, historically, the growth of communism was not the sole political identity of

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<sup>28</sup> Geographical area - 88752 sq km; see Appendix 2 for other demographic details.

<sup>29</sup> 2011 census data (Source: [http://india.gov.in/knowindia/state\\_uts.php?id=29](http://india.gov.in/knowindia/state_uts.php?id=29)); accessed 16<sup>th</sup> November 2012.

the state, rather only one aspect of a complicated political situation that has existed since the 1850s. As Marcus Franda writes:

Politicization of Bengalis into modern forms of organization began almost from the inception of British rule in India, and was quickly accentuated...by the first partition of Bengal in 1905 and the shifting of the capital of British India from...Calcutta to...New Delhi in 1912. In response to these two events Bengal's political leadership launched a number of political movements, some directed against the British, some directed against the Gandhians in the Indian National Congress, almost all seeking to reclaim the dominant position in India's political life that Bengal had attained in the late nineteenth century. Political activity reached a peak of intensity in the early 1940s, when Calcutta and its surrounding areas were being occupied by more than 200,000 Allied troops, the Muslim League was agitating for partition, and the Congress and Marxist-left parties were engaged in a Quit India movement that drew heavily on the terrorist tradition of Bengali political life (1969:279).

Bengal was among the most affected provinces when India attained Independence, its partition leading to the formation of 'West Bengal', followed by an influx of more than five million refugees from East Pakistan over the next two decades (ibid.). It is therefore not surprising that many political movements originated in Bengal<sup>30</sup>. The state has been associated with various radical movements since the 1920s, which gradually laid the foundation for a steady political shift to the Left in the 1950s and 1960s. Some of the notable were the *Anushilan* and *Jugantar* movements in the 1920s, the nationalist movement under Subhash Chandra Bose<sup>31</sup> in the 1930s, *tebhaga* in the 1940s, and *naxalbari* in the 1970s. In addition to a growing culture of Leftism, the Congress Party, despite being the only major national party, failed to establish itself in Bengal<sup>32</sup>. This further helped the communist movement to flourish there.

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<sup>30</sup> Since 1947, more than 50 parties have contested in elections in West Bengal.

<sup>31</sup> Bose was also the founder of the All India Forward Block - a leftwing nationalist party and a partner in the Left Front coalition.

<sup>32</sup> See John Gallagher (1973) for a discussion on the decline of the Congress in Bengal.

A complete review of the political history of Bengal is beyond the scope of this dissertation, but a brief overview of the growth of the Left parties and their rise to electoral prominence is necessary in order to appreciate the post-1977 political patterns<sup>33</sup>.

### **2.2.1 The Three-Phase Party Formation and the Decade of Chaos**

The Communist Party of India (CPI), founded by M. N. Roy in the Soviet Union in 1921, from its beginning displayed an *elitist* character, possibly owing to the fact that its leadership was drawn from rich, intellectual and highly respected Bengali families, and its most consistent followers came from groups that were relatively well established in the social structure (Franda, 1971). While the growth of communist movements elsewhere in India depended considerably on support from low-status groups (for example, the Ezhava caste in Kerala), an elite leadership and following became one of the distinguishing features of Bengali communism. This unique course in the communist movement in Bengal is attributed to the Bengali *bhadralok* (literally meaning ‘respectable people’ or ‘gentlemen’) - an elite class of regional intelligentsia unique to the Bengali-speaking area. Franda describes them as: “[n]either a single class nor a single caste...a privileged minority most often drawn from the...highest castes...usually landed or employed in professional or clerical occupations (which they have maintained by caste and ritual proscriptions and by the avoidance of manual labor), very well educated, very proud of their language, their literacy, and their history” (ibid:7).

Having previously enjoyed the highest level of prominence among Indian professional classes and government circles, by the early twentieth century *bhadralok* influence had waned considerably; this played a crucial role in their eventual turn to Marxism as a political

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<sup>33</sup> See Mallick, 1994, for a critical analysis of Indian Communism.

creed in the 1930s, attracted by its rejection of electoral politics, denigration of orthodox Hindu ideas (at a time when Bengalis were becoming increasingly disenchanted with the Hindu revivalism via the shift of the nationalist movement to the Hindi-speaking Brahmanic heartland), and promise of a modern society not only free from imperial control, but where the intellectual would have a more prominent position over the trader and merchant<sup>34</sup>. The CPI first experienced effective growth after a successful recruitment drive among the *bhadralok* terrorists (political activists since the partition of Bengal in 1905) in the jails of Bengal in the 1930s. They were later joined by Bengali intellectuals returning from England, young university graduates, and eventually large numbers of urban Bengali *bhadralok* living in and around Calcutta (ibid:13). In 1946 the CPI saw the election of two MLAs (Members of Legislative Assembly) and, despite factional struggles, won more than a third of the votes in both the 1957 and 1962 state assembly elections along with other smaller Left parties.

The internal differences of the CPI ultimately led to a split between its moderate and Left factions in 1964, when 32<sup>35</sup> of 65 members withdrew from the CPI to form the Communist Party of India (Marxist) (CPIM). The origin of the split is usually attributed to a series of regional, national and international events in the 1950s. The two factions differed considerably over the issues of urban insurrection and guerrilla warfare, and while the intellectual leadership of the CPI owed ideological allegiance to the CPSU (Communist Party of Soviet Union), the deviating Left faction was attracted to the CCP's (Chinese Communist Party) alternative model. They also differed on their assessment of the Nehru government; the moderates adopted a pro-Congress stance, influenced by the CPI's recent impressive electoral records while the Left viewed this as siding with the bourgeois forces and publicly

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<sup>34</sup> For a complete discussion on the *bhadraloks* see Broomfield (1968), Franda (1971) and Chatterjee (1997).

<sup>35</sup> These members were primarily Bengali leaders who formed the organisational apparatus of the party in West Bengal. Key members included Pramode Das Gupta, Jyoti Basu, Hare Krishna Konar, Muzaffar Ahmed, Abdul Halim and Saroj Mukherjee.

condemned the party leadership. Other events that widened the gap between the factions were the Tibetan revolt and the first Sino-Indian border clashes (the Left refused to condemn the Chinese), the declaration of President's rule in Kerala in 1959 (thus removing the earlier compulsion for both factions to work together in order to sustain the government in Kerala where the CPI had come to power in 1957 for the first time), and the food crisis in West Bengal (when they opposed each other on the issue of supporting Congress's food policy). The split left the CPI considerably weaker, and within three years of its formation, the CPIM had replaced the CPI as the leading Left party in West Bengal<sup>36</sup>.

1967 saw the beginning of the *decade of chaos* in West Bengal (Kohli, 1990:276). Theoretical differences aside, the CPIM, CPI and a number of other Left parties formed the first United Front coalition government which lasted under a year. It was followed by two months of Congress-led coalition, and then Presidential rule. After the 1969 assembly elections, the Left parties briefly formed a second United Front government, again followed by Presidential rule and another, also short-lived Congress-led coalition in 1971. It was only after the Bangladesh war in 1971 that Congress managed to return to power with a comfortable majority - albeit under allegations of serious electoral fraud. This Congress government ruled till 1975 when it was superseded by the National Emergency and normal democratic processes only resumed after the 1977 elections.

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<sup>36</sup> See Appendices 3 and 4 for electoral records of the CPI and CPIM between 1951-1977.



Figure 2.1: Political Map of West Bengal<sup>37</sup>

<sup>37</sup> Source: <http://www.mapsofindia.com/maps/westbengal/westbengal-district.htm>; accessed 28<sup>th</sup> January 2013. *Paschim & Purba Medinipur, and Uttar & Dakshin Dinajpur* refers to West & East Medinipur, and North and South Dinaipur respectively.

The two United Front experiments created difficult conditions for the CPIM, which now had to deal with serious factional alignment problems of its own with a number of factions within the party accusing the leadership of neo-revisionism. The criticisms intensified in the first few months of the 1967 United Front government and triggered organised resistance in the summer around the *Naxalbari* peasant agitation which eventually took the form of one of the most radical Left-wing movements in the country. Initially launched as a peasant movement, it soon started became *sectarian* (attacking all who refused to support) and *adventurist* (organising armed resistance, its party literature openly speaking of murdering landowners) in nature. The *Naxalbari* movement has continued to furnish substance for political debate in India ever since in the form of the much wider *Naxalite* movement. For the communist movement in India, “Naxalbari is somewhat of a watershed, for it furnished the rallying cry for a Maoist revolt that eventually led to the formation of India’s third Communist party” (Franda, 1971:162), the Communist Party of India-Marxist-Leninist (CPIML). The formation of the CPIML was announced in May 1969, its leadership derived from the younger members of the anti-revisionist CPIM faction and former members of both CPIM and CPI. Contrary to the CPIM/CPI, the CPIML rejected the “hoax of parliamentarianism”, and operated as an underground party, fighting to bring about an “immediate revolution...through revolutionary people’s war” (CPIML, 1969:4-16). Through militant mass action, agitation, and propaganda, the CPIML managed to gain a significant following in a relatively short span of time, particularly among urban Bengali youth, who had been brought up idolising a romantic legacy of the Bengali revolutionary spirit.

The *Naxalbari* movement and the formation of the CPIML are vital chapters in the history of Indian communism (see Franda, 1969a; 1971 for in-depth discussion). The movement however was repressed violently by the state during the first half of the 1970s, and though a

large number of political organisations exist till date in many states whose roots can be traced back to the CPIML, most of them have abandoned the path of armed revolution, and retain very limited political authority (with the notable exception of the Communist Party of India – Maoist, which remains committed to armed struggle).

A few further points need to be highlighted with regard to the *decade of chaos* and the two United Front governments. The United Front coalitions treated their stints in power as political experiments en route to socialism (Kohli, 1990) and the CPIM defined the task of the government as that of fomenting radical mobilization along a revolutionary line. In practice this led to:

a two-prolonged political strategy; neutralizing the tendency of the state to be an agent of ‘class repression’ from above, and using its party organization to mobilize the lower classes from below. The CPIM repeatedly sought and eventually gained control over the ministries of labor, land and land revenue, and home (which controlled the police). An important aspect of the CPIM’s ruling strategy- an aspect that eventually would contribute heavily to the fall of the UF government - was to order the police not to interfere in ‘class struggles’. The CPIM thus neutralized the regional state apparatus as an agent of political order (ibid:277-78).

Such class based fragmentation (with the tacit support of the state) led to dramatic labour problems in the urban/industrialized areas<sup>38</sup>, and political violence/riots became the order of the day. In rural areas, excessive land grabbing and forced redistribution led to numerous clashes, with a section of the CPIM leadership clearly favouring such practices as integral to the party’s revolutionary ideal. The violence showed no signs of abating even after the collapse of the first United Front coalition, but rather changed direction under severe state repression. The Congress coalition that followed the President’s rule was reported to be

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<sup>38</sup> Lockouts and *gheraos* (a common practice of encircling the manager by a group of labourers and refusing to let him leave until their demands are met or some favourable decision is taken) became almost daily occurrences during this period. Between 1964 and 1967, labour-management disputes almost doubled, and union membership trebled, and the number of man-days lost owing to labour problems quadrupled (Kohli, 1990:282).

infested with widespread rigging and fraud, with anti-social elements backed both by the police and the party unleashing severe atrocities on citizens, particularly supporters of the revolutionary Left.

The 1977 post-Emergency West Bengal state assembly elections brought a new coalition to power. This marked the beginning of what eventually became an exception in Indian, and indeed the world's political landscape - the longest-lived, democratically elected Communist government in the world - the CPIM led Left Front coalition government<sup>39</sup>.

In summary, during 1967-77, West Bengal experienced what Kohli describes as a *severe governability crisis* - which marked a serious decay in the political culture of not only the state, but the country as a whole. The main features of this decay were coalition instability, policy ineffectiveness and escalating political violence. However, post-1977 most political commentators, including Kohli, praised the Left Front rule for exactly the opposite - a peaceful social environment, absence of caste/communal conflicts, and orderly functioning of political life. However, as argued in the following chapters, while the governance crisis considerably abated and democratic processes were revived, the Left Front (and particularly the CPIM) developed its own unique operational characteristics to push forward its political agenda over the next three decades, albeit in much subtler ways than before.

## **2.2.2 The Early Years of the Left Front Regime**

Bhattacharyya (2009) divides the Left Front regime (1977-2011) into four distinct periods, the first two of which are the focus of this section. The first (1977-mid-1980) was

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<sup>39</sup> The Left Front is a nine party coalition, the CPIM being the majority party. Other members are: All India Forward Block (FB), Communist Party of India (CPI), Revolutionary Socialist Party (RSP), Marxist Forward Block (MFB), Revolutionary Bengali Congress (RBC), Democratic Socialist Party (DSP), Revolutionary Communist Party of India (RCPI) and West Bengal Socialist Party (WBSP). The Left Front returned to power for a seventh consecutive time in 2006, and finally lost to the TMC-Congress coalition in 2011.

characterised by a large scale land reform programme and institution of a system of local governance - the *panchayats* or *panchayati-raj* - across the state. The second (mid-1980-early/mid-1990) was relatively short, but marked by significant growth in agricultural production. The third and fourth periods, from mid-1990-2006 and 2006-2011 respectively, are explored in Chapters 4, 5 and 6.

The twin initiatives of land/tenancy reforms and *panchayati-raj*, along with rapid agricultural growth, are hailed as the hallmarks of the regime's pro-poor development policy, as these made "West Bengal's rural political economy – marked by a small-peasant economy and a dense partisan network – distinctly different from the rest of the country" (ibid:59). A substantial literature exists on all of these, and therefore only a brief summary will be provided here<sup>40</sup>.

On coming to power in 1977, the Left Front announced a 36 point Common Minimum Programme (CMP), promising "radical changes in the land reform laws to do away with all forms of concentration of land holdings and to give substantial relief to *bargadars* (sharecroppers) and landless peasants and agricultural workers" (CMP, point 16, quoted in Ghosh, 1981). The changes were indeed radical in both design and impact, and distinguished the programme not only from its earlier versions<sup>41</sup>, but also similar attempts in other Indian states. Its salient features were:

1. Quick recording of sharecroppers' names and securing legal entitlements via Operation Barga, the main administrative component of the programme. It was a massive drive to "(1) identify areas with a concentration of sharecroppers; (2) to send

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<sup>40</sup> For detailed descriptions of these institutional reforms, see SenGupta, (1979), Kohli (1987), Nossiter (1988), Webster (1992), Lieten (1992), Mallick (1993), Banerjee and Ghatak (1995),

<sup>41</sup> The two United Front governments had also initiated land reform programmes, but with limited results. See Lieten (1992), Franda (1968, 1969), and Mallick (1993) for detailed discussions.

in teams of bureaucrats and members of the party...to meet, inform and the politicize the sharecroppers; and (3) eventually, after verification...register the sharecroppers as legal" (Kohli, 1987:124)..

2. Distribution of already available ceiling surplus vested lands (commonly referred as *benami*) among the landless and the land-poor rural workers with the active co-operation of the *panchayat* (Bandopadhyay, 2007:61).
3. Drive to detect and vest more ceiling surplus lands through quasi-judicial investigative machinery with the help of rural workers' organisations and *panchayats*<sup>42</sup> (*ibid.*).

Begun in 1978, by 1982 the government had successfully registered about 1.2 million sharecroppers (Mallick, 1993) and vested 1.25 million acres of agricultural land – one quarter of the all India total (Nossiter, 1988:140). This was considered by many as nothing short of spectacular, especially in comparison to the previous three decades when the total number of sharecroppers registered was a mere 60,000 (Kohli, 1987). Schneider stated in his report to the Club of Rome (1988) that the Left Front had carried out a genuine land reform exercise, and Nossiter described it as “a truly remarkable accomplishment” (1988:124).

In addition to land reforms, the regime also had an ideological commitment to decentralise decision-making and encourage popular participation:

The panchayats, which were controlled by the rural exploiters, instead of being utilised for the purpose of rural welfare, as they should have been, were converted into instruments of exploitation...Through the panchayats, the Left Front intends to unleash the initiative of the rural masses and inculcate in them a spirit of self-confidence so that a mass movement is gradually built up against age-old exploitation (People's Democracy, 4<sup>th</sup> June 1978:1-5).

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<sup>42</sup> See Bandopadhyay (2007) for details.

The Left Front made the West Bengal Panchayat Act (1973) operative<sup>43</sup> in 1977, and the first *panchayat* elections took place in 1978. The regime won an overwhelming majority<sup>44</sup>, and this victory marked the onset of arguably its biggest achievement - genuine reform of local governance institutions, ensuring and encouraging effective decentralisation through popular participation. Previously, development planning “below the state level was a disjointed and somewhat uncoordinated affair, prone to unevenness and frequent organisational breakdown” (Webster, 1992:33), but post-1978 the *panchayats* were directly involved in all development schemes, worked in close co-operation with the funding departments, and also had representation in other development agencies. By 1985, all other autonomous agencies were tied to the *panchayat* framework, and this took the

operation and role of the *panchayats* into the mainstream of politics and planning in the state so that today they possess an administrative and political authority radically different from that inherited by the Left Front government at the time of its election. The fact that this framework has been implemented stands as a symbol of the ideological intent of the Left Front parties and the CPIM in particular (ibid.:35-36).

The *panchayati-raj* succeeded in bringing government from its previously rarefied status down to a more visible and accessible level, and thus made the rural population more politically attentive. The widespread support for this system ensured an overwhelming majority for the CPIM in all *panchayat* elections over the next fifteen years.

There were also significant improvements in agricultural productivity and conditions of the rural poor. Following decades of stagnation in agricultural production<sup>45</sup>, West Bengal now achieved the fastest growth rates in agricultural production in the country; from 1981-82 to

<sup>43</sup> The Act provided for direct elections to the *panchayat* bodies and introduced a three-tier system: the *gram panchayat* (village level), *panchayat samiti* (block level) and the *zilla parishad* (district level). Although passed in 1973, it went unused by the earlier Congress government. The Left Front also brought in a series of amendments aimed at structural reforms of the *panchayat* system. Four amendments were passed in 1978, and fifteen more over the next 10 years.

<sup>44</sup> See Appendix 5 for results.

<sup>45</sup> See Bose (1993, 1999) and Boyce (1987) for further details.

1991-92 its annual growth rate was an impressive 6.9% (Sen and Sengupta, 1995). The proportion of the rural population living in poverty fell dramatically to well below the national average (see Table 2.1) and mean per capita consumption also rose steadily (Ozler and Datt, 1996). It is commonly believed that an improved agricultural situation had “a positive impact on the rate of decline of important aspects of rural poverty. Factors that led to growth also contributed towards greater participation in the growth process by the poor. Wages of agricultural labourers closely shadowed changes in output, and redistributive land reforms further widened the base over which benefits of the growth were shared” (Gazdar and Sengupta, 1999:85).

**Table 2.1: Head-Count Ratio of Rural Poverty in West-Bengal**

<i>Year</i>	<i>West Bengal</i>	<i>India</i>
1973	60.51	55.36
1978	56.25	50.60
1983	49.21	45.31
1987	34.10	38.81
1988	34.87	39.60
1992	28.15	43.47

*Source: Ozler and Datt, 1996*

Agricultural growth and general economic well-being had a positive impact on other human development indicators. Infant mortality rates in the state fell from 95 per 1000 in 1981-83 to 72 per 1000 in 1990-92, the fifth lowest in the country (Gazdar and Sengupta, 1999:75-76) and literacy rates for the rural over-sevens were also well above the national average by the early 1990s: 68% (male) and 47% (female) against the national average of 64% (male) and 39% (female) (Census, 1991)<sup>46</sup>.

<sup>46</sup> See Gazdar and Sengupta (1999) for a much broader discussion on well being.

In reality, these claims were often contested. The arguments of reform-led growth often rest on the assumption that land redistribution has a positive impact on agricultural growth - as small family-run farms are then able to achieve higher productivity than large labour-hiring ones (Dasgupta, 1993). However, on closer scrutiny - as Harriss (1993) argues - this argument finds little support. Though the land reforms were impressive in terms of the number of landless families benefited, the total amount of land redistributed was less than 6.5% of the state total cultivated. Mukherji and Bandopadhyay (1993) similarly claim that land reforms were over-rated as a possible explanation of agricultural growth. The key engine of growth, according to Harriss, was significant development in groundwater irrigation, which was not a result of public/co-operative action, but rather made possible by entrepreneurial individuals responding to market demands. Mallick (1993), concluded (perhaps rather harshly) that the CPIM could achieve neither a radical redistribution of land, nor that its record in registering the sharecroppers was any better than either the British or Congress<sup>47</sup>. Sweeping attacks were also launched by Ratan Khasnabis and Ashok Rudra on the CPIM'S ideological and theoretical premises as early as 1981. Khasnabis accused the party of having compromised shamelessly with the state structure, thereby reducing an “erstwhile revolutionary programme to an ordinary reformist one...”, the political will of the party being “conditioned and constrained by the will to serve the institutions of the class society where they run the government” (Khasnabis, 1981:A44-45). Rudra argued in his widely cited article *One Step Forward, Two Steps Backward* that the CPIM had achieved nothing more than just maintaining the same trends as experienced during the Congress government, and in doing so had betrayed “the most exploited and most oppressed section of the rural masses” (Rudra, 1981:A-61).

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<sup>47</sup> Harriss provides a strong criticism of Mallick's argument on the grounds that it accepts informants' statements at face value, and allows their interpretations of data to be influenced by their ideological presuppositions. Compared to the extensive analyses of Kohli or Nossiter, Mallick draws his conclusions from highly selective data and his arguments are largely conjectural. See Harriss (1993) for details.

On the whole, as Rogaly, Harriss-White *et al* (1999) point out, there are claims that both oversell (e.g., Lieten, 1996) and deride (e.g., Mallick, 1993) the importance of institutional reforms among the accumulated literature. A balanced opinion comes from Harriss, who argues that:

even this regime's keenest sympathisers would not claim that it has offered, in practice, more than modestly reformist social democratic policies, but its record is still a matter of considerable interest. It has appeared to a good many observers, some of them (such as the World Bank) not at all sympathetic in general to Left-wing regimes, that the Left Front government has been remarkably effective, in the context of South Asian rural society, in bringing about changes which have been of benefit to poor rural people (1993:1237).

At the very least, the regime has demonstrated the redistributive possibilities within India's contemporary democracy via its land reform programme.

Criticisms aside, most early observers were unsurprised at West Bengal's transformation from one of India's most chaotic states in the 1960s to one of its better-governed ones over the course of the 1980s. It was undeniable, writes Kohli, "that a reform-oriented, disciplinary party has generated moderately effectively government in West Bengal" (1990. p294-96). A stable coalition government, better growth record than most other states, a distinctively superior redistribution record, and above all a restoration of political order, without repression, were seen to be the main achievements of the regime (Kohli, 1990.).

## **2.3 West Bengal as a Special Case? A Critique of Kohli's *Governability Thesis***

Turning towards theoretically informed approaches, the first prominent discourse of the Left Front is based on Kohli's work (1987; 1990; 1994), along with others such as Lieten (1992), Nossiter (1988), and Webster (1992). Their reading of post-1977 West Bengal provides not

only a detailed description of the complex socio-political realities of the state, but also a coherent analytical framework of the political variables at play.

Kohli's analysis of West Bengal is situated in his description of a *governability crisis* which plagued most Indian states in the mid-1960s. A fragmented and ineffective state apparatus, erosion of order and authority, and "widespread activism outside of the established political channels that often leads to political violence" (1990:5) all characterised this crisis. In an attempt to locate the key variables responsible for this breakdown, Kohli emphasised the role of political elites and the decay of political organisation, and in particular the organisational decline of the Congress, thus eroding the existing patterns of authority that had sustained political order in the 1950s and early 1960s. The result of this decay, Kohli summarised, were twofold - violent politicisation of social conflict, with political parties allying with criminal forces and using state apparatus for partisan interests; and a growing vacuum at the core of India's political space, where individual leaders came to replace institutionalised mediatory structures of power with partisan behaviour and petty cronyism<sup>48</sup>.

Given the nature of the crisis, at the heart of the rectification process should therefore have been a rebuilding of political parties, replacing violence with political debate. This could only be brought about by a vision of alternative growth, and redistribution based social conditions. It is in this respect that Kohli sees West Bengal as something of a *special case*. The state was plagued by the governability crisis in the 1960s and 70s, but after coming to power in 1977 the Left Front not only managed to reverse the trends of breakdown and growing disorder, but also honoured its commitment towards institutional reforms by revitalising the *panchayati-raj* and initiating large-scale land reforms, brought a spectacular rise in

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<sup>48</sup> For a detailed discussion of the *crises of governability* thesis, see Kohli (1990), Chapter 2, and Williams (2001).

agricultural production and managed to reduce poverty levels significantly. Kohli called these results nothing short of *dramatic* and *exceptional*, and wrote:

The CPM has thus achieved what no other Indian political force has been able to achieve as yet, namely, comprehensive penetration of the countryside without depending on large landowners. From this perspective, it may not be an exaggeration to argue that the politics of West Bengal are undergoing a fundamental structural change. While the class structure remains intact, not only has institutional penetration been achieved but also institutional power has been transferred from the hands of the dominant propertied groups to a politicized lower strata (1987:113).

The success of the coalition rested on the organisational strength of the CPIM itself. The party, Kohli argued, reformed and rebuilt itself as a disciplined, left-of-centre party with both the capacity and the political will to push for redistributive reforms. It built up a network of loyal and disciplined cadres and maintained a significant organisational coherence through the principles of democratic centralism. As a result, not only did the CPIM manage to fill the organisational vacuum left by the collapse of the Congress party in West Bengal, but it was also able to create a truly modern political institution within a relatively short space of time. Four political characteristics in particular are important in understanding the CPM's reformist capacities:

First, the rule is coherent. A unified leadership allows not only clear policy thinking, but also sustained political attention to developmental tasks. Second, the ideological goals as well as the disciplined organizational arrangements of the CPM do not allow direct access to the upper classes... Third, the CPM's organizational arrangement is both centralized and decentralized. While the decision-making power is concentrated, local initiative and knowledge can be combined within the framework of central directives. And fourth, the CPM's ideology is flexible enough to ... [make] the prospect of reformism tolerable for the socially powerful (Kohli, 1987:143).

The governability thesis provides one of the most useful analytical templates for studying West Bengal, particularly during the early years of the Left Front regime. As noted in earlier sections, Kohli's observations on the institutional initiatives of the regime have been reinforced by others such as Nossiter (1988), Lieten (1992), Webster (1992) and Harriss

(1993). However, most of this work was based on field research completed during the early-mid 1980s, when the *panchayats* were newly constituted and the land reforms in full swing. While most of the observations were at least partially true at the time, the Left Front outgrew the characterisation of good governance over the next fifteen years. It is therefore necessary to re-examine this narrative - as Williams (2001) argues - in light of the regime's development records and operational characteristics during the 1990s and 2000. Such a characterisation is crucial in order to appreciate how the Left parties (and CPIM in particular) reacted to the drastically changed national policy environment in the 1990s.

The intellectual emphasis of Kohli's narrative is on establishing the importance of independent political variables - an exercise which is often neglected in structural functionalist or Marxist accounts of society and state as dependent on a complex array of socioeconomic forces, eclipsing the agency of political institutions (Kohli, 1990:28). The institutional narratives, on the other hand, engage in a crucial theory-building exercise, treating society and state as complex and multi-dimensional categories. Projects that address the gap in the current academic literature on the question of political agency in developing countries are important and necessary (Williams, 2001). It is, however, also important to maintain a balance and style of analysis - thus reducing the risk of overemphasising certain political variables and neglecting others. The traditional discourses on West Bengal suffer from this precise problem. In their eagerness to establish CPIM as the key enabler of political change, authors such as Kohli overemphasise the party's organisational coherence and marginalise the rest of society. Williams identifies three specific areas where this problem occurs.

### ***Coherent Organisation vs. Translatory Character***

The overarching emphasis of the governability thesis is the explanation of how the CPIM with its coherent and well disciplined organisational arrangements established a system of good governance in West Bengal. This organisational coherence is believed to provide an efficient mechanism to effectively disseminate both political ideas and public policy from ‘top’ to ‘bottom’. What tends to be ignored in this analysis is that a state is comprised of various arenas and interest groups, and the nature and effectiveness of a political regime cannot be judged purely from the actions of those at the top (Migdal, Kohli *et al*, 1994:11-18; quoted in Williams, 2001). The first problem of the narrative thus lies in its neglect of these various groups, as it focuses solely on political parties. Secondly, the true test of a political regime is not in its own organisational discipline, but in how well it manages to integrate and work together with these various forces, achieving *integrated domination* (Migdal *et al*, 1994)<sup>49</sup>. It is this very exercise of joining interest groups together that is a key source of a state’s power. While Kohli emphasises the coherent rule of the CPIM as the only form of “‘glue’ that will hold integrated domination together” (Williams, 2001:606), how the CPIM operates on the ground is a function of several acts of translation during the transmission of ideas/policies through its hierarchy. As a result, instead of an unchanged downwards transmission of instructions, this repeated “Chinese Whispers” results in not only changed instructions, and consequently, changed outcomes.

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<sup>49</sup> Migdal defines ‘integrated domination’ as: “The state, whether as an authoritative legal system, or a coercive mechanism of the ruling class, is at the center of the process of creating and maintaining social control. Its various components are integrated and coordinated enough to play the central role at all levels in the existing hegemonic domination. That domination includes those areas of life regulated directly by the state, as well as the organizations and activities of society that are authorized by the state within given limits” (Migdal, Kohli *et al*, 1994: 27).

### *Compartmentalisation of Societal Forces*

As a result of overemphasising the organisational capacity of political parties, other societal forces tend to be marginalised in the institutional accounts. Williams points out how Kohli continues to highlight “the ‘autonomous’ significance of political structures and process” (Kohli, 1990:19), and perceives the rest of the societal forces as *problems* that the political system needs to deal with. The fundamental difficulty with this approach is that “it posits a rather too neat separation of ‘political institutions’ from ‘society’: parties aggregate and accommodate a set of pre-defined forces and interests ‘out there’ in society. Among other problems this ignores political parties’ role in creating interest groups” (Williams, 2001:607). For example, Kohli only treats violence as a form of outcome when societal pressures are not channelled through political parties. Once they are, society is considered to be peaceful. The absence of large-scale agrarian as well as communal conflicts in West Bengal is therefore interpreted as the CPIM being able to successfully represent all forms of social interests. But violence - as Williams argues - is a constitutive part of the process of creating interest groups by political parties, not necessarily a symptom of party failure. Many cases of covert political violence have been reported in West Bengal over the decades<sup>50</sup> which corroborate Williams’s observations. Also missing from the institutional account is the case of state-sponsored violence, and though it seems contrary to the political ideas of a Left government, the recent incidents of Singur and Nandigram testify otherwise.

### *Absence of a Cultural Discourse*

Williams’s third and final criticism of Kohli’s account is based on the lofty version it ascribes to - “a vision of ‘proper’ political discourse where ‘right versus left’ debates are appropriate, but the ‘populism’ of appealing to alternative bases of identity, such as caste, is not” (ibid.).

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<sup>50</sup> For example, the Marichjhapi, Anandamargi and Suchpur massacres. See Namboodri (2006).

Williams argues that such *westernised* ideas are not relevant to an analysis of India's political history, or indeed, in any post-colonial context. In the case of West Bengal, while such ideas might concur with the visions of urbanised Bengali intelligentsia, it does not reflect the complete picture. “The perception of West Bengal as a ‘modern’ society where political parties can organise on class lines, and the ‘primordial loyalties’ of caste, ethnicity and religion are residual categories... is a highly selective one. West Bengal’s political discourse is, inevitably, inseparable from its wider culture: ideas of class are important here, but in no way crowd out ‘primordial loyalties’, and ‘good governance’ takes on local meanings drawing on a variety of sources” (*ibid.*).

In light of these criticisms, it is evident that an alternative assessment of the regime is both possible and necessary. While the central themes of the governability thesis would definitely contribute to any such assessment, the translatory characters within the CPIM, creation of interest groups through political competition and a complete political discourse embedded in the local culture of the state all need to be re-examined.

## **2.4 From the Polity to the Party: *Political Identity in West Bengal***

Political discourses built around the Left Front over the first fifteen years remained dominated by narratives of its institutional initiatives. Debates and criticisms, though increasingly forthcoming, were restricted to methodological and technical aspects, and did not provide an alternative intellectual hypothesis.

It was only in the late 1990s that a new line of argument emerged, focusing on a culture of political mediation embedded in the operational character of the CPIM. It is not party discipline or ideology - it was argued - but rather in the “party’s mediation between the government and the population in a field of popular transactions” that the secret of the

durability of the regime lies (Bhattacharyya, 2009:60). According to this new argument, well-orchestrated party machinery was not a channel to bring governance to the people, but an *instrument* for mediation aimed at strengthening its electoral position.

The concept of political agency as a mediator of popular transactions is based on Partha Chatterjee's description of *political society* (1997, 2004, 2008). Following an increasing "governmentalization of the state"<sup>51</sup> in the 20<sup>th</sup> century, Chatterjee argues that a new set of conceptual connections has emerged in politics in addition to the classical associational forms of civil society with nation-states as per democratic political theory. This new line connects "population to government agencies pursuing multiple policies of security and welfare" (Chatterjee, 2004:37), and gives rise to a new form of political relationship between the State and its population. These new relationships and processes constitute the political society.

Examining the Indian context, it is clear that the classical ideas of popular sovereignty embedded in the Constitutional depiction of the relationship between the State and civil society fall short of ensuring an adequate representation for all sections of the population. Many population groups (especially the poor and marginal sections) continue to remain outside the elitist realm of civil society and the juridical sanctity of private property due to lack of education, wealth and associated social and cultural capital. However "as populations within the territorial jurisdiction of the State, they have to be looked after and controlled by various government agencies" (ibid:39). This act of *looking after* establishes a new form of political association between the population and the state - which does not conform to the Constitutional standards - and is therefore a point of departure from standardised associational forms of civil society with nation-states. This is the domain of political society, which constitutes the "poor and marginal population groups which – in absence of citizens'

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<sup>51</sup> Chatterjee defines the governmentalization of the state as the domain of policy increasingly reaching out to larger sections of the population (2004:34-35).

rights – protect their livelihood demands along the lines of communities (not primordial but strategic solidarities in response to concrete governmental policies) as they negotiate with the state and the civil society” (Bhattacharyya, 2009:60). A successful negotiation with governmental agencies (in order to protect or avail their livelihood demands) therefore has to be via an expression of solidarity and number, in the hope that this will give them a common identity, significant enough for the government to recognise them as a legitimate community for which the state is responsible. Even if marginal, once a population group manages to legitimise themselves as such a ‘category’, they can then start to negotiate their entitlements with the state and civil society. This is how the political society functions (*ibid.*).

#### **2.4.1 From Political-Society to Party-Society**

The idea of political society can be slightly recast in seeing how the transactional spaces between the state and the margins have come to be constructed in West Bengal. At its core, the concept of *politics of the fringe* is about widening the arena of political negotiations - going beyond urban civil societies - and engaging all forms of marginal groups of the population. The transactional spaces where different parties compete to offer the best forms of representation can be constructed through a multitude of channels such as caste, class, religion, ethnicity and even civil societal associations. The key enablers of this process are, of course, the political parties, who spearhead wider negotiations (and associated political mobilizations) prompted by electoral considerations<sup>52</sup>. The degree and sustenance of various negotiations is a direct function of the organisational coherence of the individual parties.

It is in this context that the idea of a political society needs some rethinking in West Bengal. Transactional spaces between the state and the fringe under the Left Front have gradually

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<sup>52</sup> It is interesting to note, as Chatterjee points out, that such proliferation of activities in the arena of political society is often criticised in progressive elite circles. (*ibid*:48).

come to be dominated by a single form - political allegiance and association. Chatterjee's description of a political society emphasises the importance of co-operation based on shared interests, and assumes such co-operation as a valid basis of entering into a negotiation with the state. But in West Bengal, no negotiation is allowed, or even recognised, unless it is backed by a recognisable party allegiance or has a distinct party identity of its own. So entrenched is this practice in the political culture of the state, that all parties, irrespective of size or strength, are compelled to conform to it. It is, however, the Left parties - especially the CPIM - that have been most successful in "its day-to-day management of the...society with the help of a well-orchestrated, locally embedded and vertically connected party-machinery" (Bhattacharyya, 2009:60). Obviously, local governance institutions (the *panchayats* in particular) cannot escape this degree of politicization and become vulnerable to strong partisan incursions, eroding their autonomy and independence. It is this specific form of sociability that Bhattacharyya (*ibid.*) calls the *party-society* - a specific form of political society in the West Bengal countryside - where the validity of negotiations is pre-determined by political identities of the population.

The concept of the party-society is rooted in Bhattacharyya's work (2004, 2009, 2010), where he draws upon empirical evidence from political change in six villages in the state. The basic premise is: it is the production and sustenance of a unique social environment in West Bengal, particularly in the countryside, that took shape under the Left Front; an environment where spaces of popular transaction and negotiation outside the realm of urban civil society came to be constructed largely on the basis of an individual's or community's party-identity.

#### **2.4.2 The Perpetration and Consolidation of the Party-Society**

By definition, the party-society exists outside the realm of civil society and constitutes mainly marginal groups at the fringe. It is therefore only natural that it has its roots among the rural

poor - farmers, sharecroppers, landless peasants and agricultural workers, Muslims (not because of their religious minority status, but because the Muslim community forms a largely backward/deprived section of society in West Bengal), and the tribal population. Those who have a privileged socio-economic status manage to find loopholes within the party rule or make some *arrangements* with it. However, while it may be straightforward to identify who constitutes the party-society, how it came to perpetrate and consolidate itself among these groups demands an explanation.

Firstly, unlike most other states, West Bengal has remained relatively free of communal disharmony since partition. This, Bhattacharyya asserts, is because the traditional ‘flashpoints’ of caste, class, ethnic or religious groupings have never been of any special interest to the Lefts, or any other major political party in rural West Bengal. As a result, popular transactions naturally assume a political mode as the sole remaining criterion.

Secondly, Bhattacharyya also points out the complete institutional control enjoyed by the CPIM post-1977. The dual policy plank of the regime - land reforms and the *panchayati-raj* - were critical legislative steps, and much ahead of the state of affairs elsewhere in India. However, contrary to popular perception, the enactment of this legislation faced stiff opposition from those facing losses (in the form of revenue, power or land ownership) - such as local chieftains, lower bureaucracy and the landed class. This opposition demonstrates the limits of traditional legislative procedures, as even though the initiatives did ensure a greater good, the combined opposition would have cast a serious doubt over its success had the government adhered to legislative modalities alone. The CPIM overcame this by stepping beyond the boundaries of straightforward legislative governance and began to act as “genuine custodians of the legal rights of the beneficiaries... [as] it soon became evident that reform laws do not work unless backed by a robust political will...at the ground level” (2009: 54).

This political will, or the act of custodianship, took the form of maintaining a constant vigil over rural society using a network of well-disciplined party cadres, entrusted with the task of ensuring proper implementation of these initiatives, by force if necessary, as the opposition was also often brutal<sup>53</sup>. Such a strategy required party cadres to be located at the ground at all times. With the largest and the best organisational machinery among all the Left parties, this was no problem for the CPIM, and it managed to establish a significant presence in the countryside within the first term of its rule.

While the democratic credentials of such social vigilance may be doubtful, the CPIM did manage to translate its overwhelming presence in the countryside into general social acceptance, as the poor truly came to perceive the party as the genuine custodian of their rights. This perception went a long way to gaining the party its pro-poor image and the Left Front the praiseworthy tagline of *government of the poor*. However, this popular presence was not restricted to monitoring governance initiatives, as with almost exclusive control over all local institutions, local party figureheads started to extend their custodianship into every aspect of village life. Within a few years the local party cadres and figureheads became the only mediating channel between local communities and the state/official bureaucracy. As a result, “the social and political interaction in the village changed substantially. Now political parties, assuming centrality in the rural public life, foreshadowed other actors” (ibid.). This also inculcated a tendency among party workers to function as moral guardians of society, in both the public and private spheres. As a result, “partisan contestation on almost every political issue is not only frequent here, rather more significantly, all types of opposition...(familial, social or cultural) tend rapidly to assume partisan forms” (ibid: 53).

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<sup>53</sup> Bhattacharyya provides an interesting quote from an old landless labourer to explain how the political will actually manifested itself at ground level: the party had to operate with “*lathi* (sticks), *guns and flags*”, symbolising the use of force, violence, political rhetoric and persuasion against all opposition. This was indeed the *modus operandi* of the CPIM across the state to ensure (initially) implementation of legislative reforms, and (eventually) all kinds of administration and political decisions, as the two were often intertwined.

The political parties have become the only channel of negotiation for almost everything - be it private affairs such as marrying one's daughter (the party might question the choice of groom depending on political allegiance), family feuds (property affairs), building a house (choice of contractor) and larger social/administrative issues such as getting a ration card (much quicker if you belonged to the 'correct' party), etc. Local sports and welfare clubs, all kinds of cultural associations, even schools and colleges were brought under the political umbrella and the party also began to enjoy the last word in all matters of right and wrong within local communities. By the mid-1980s, the party-society was firmly and exclusively entrenched in West Bengal.

Together, these conditions have contributed to the production, perpetration, and sustenance of the party-society in rural, and even to a certain extent, urban areas of the state. The political parties were naturally at the forefront of it, given their dual role in providing a moral identity to a negotiating group and a monopoly over all channels of public transaction. Now, which party would manage to generate the maximum popular appeal largely depended on "its capacity to represent this community effectively and manage its regular demands almost on a daily basis. With the help of its well-orchestrated, locally embedded and vertically connected party machinery, the CPI(M) in West Bengal has been better than others in fulfilling this crucial function. This explains to a large extent the Left's long and unbeaten innings in West Bengal" (ibid.).

Examining the consolidation of the party-society, Bandyopadhyay (2009) highlights two more factors - a clientelist behaviour and a desire to repress all forms of opposition. While agreeing with the broader thrust of Bhattacharyya's analysis, Bandyopadhyay states rather bluntly:

One needs to be associated with a political party to live and sustain a livelihood in West Bengal...because here a party not only rules the state, but also the society. Almost all state institutions as well as civic associations are politically motivated and

party controlled, and so is the private sphere of one's family. There is no way one can live outside a party's shadow. Even if one suffers due to the party's doings, he still has to run to the party for help in times of need...This party-dominated state of affairs is most pronounced in rural West Bengal, where the local party in power enjoys complete domination over the entire society (2009: 19-20, *translated*).

He then proceeds to analyse these twin factors, which originate from a common source - control over *panchayats*.

In post-1977 rural West Bengal, the *panchayats* emerged as the main foci of power. The party in power in a *panchayat* would practically rule over the entire locality, not only in its capacity as an interface between the higher echelons of bureaucracy and the local community, but also because of its role in dispensing developmental resources, consulting villagers on common issues, and breaking barriers between caste-localities. As previously mentioned, while the *panchayati-raj* had largely made governance a local affair, it eventually ended up meddling in all kinds of disputes, establishing an almost totalitarian control structure. Firstly, the *panchayats* had the ability to *favour* a selected few. This might take the form of allocating temporary jobs, facilitating loan applications, settling property disputes, etc. In an ideal world these would be objective administrative processes, but in reality relied on visible political support<sup>54</sup>. Thus develops a network and culture of clientelism - a process that eventually gives rise to a new class of political beneficiaries - while the people outside this network continue to survive in deprivation. This has been a key aspect of the political economy of West Bengal over the last thirty years, and is explored in further detail in Chapter 3. Secondly, a ruling party can also *discriminate* on the basis of political allegiance, or even just in the absence of visible political support. Examples include refusing different permissions and entitlements on obscure administrative grounds, disconnecting water/electricity and humiliating or even terrorising a family, especially the women, etc. The wrath of the ruling

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<sup>54</sup> Visible political support could include organising/taking part in political rallies, campaigning, giving regular donations, etc.

party becomes especially severe in cases of known supporters of opposition parties, who are blacklisted to such an extent that no one would even marry them<sup>55</sup>. As Bandyopadhyay writes, “the rule of the party survives in rural West Bengal via these two hands - one distributing administrative favours, the other keeping a tight control over the population - some are brought in line by the first, some by the second” (ibid:22). The consolidation of the party-society is thus complete<sup>56</sup>.

Consolidation on its own does not guarantee sustenance of a system, unless it manages to garner some popular support. This is exactly where the success of the party-society lies. Though its style of operation may be dubbed paralegal, undemocratic or even amoral in civil society quarters, it gave the poor access to government institutions and a way to deal with the complex web of administrative regulations and judicial processes. “The underprivileged and illiterate rural population needed these parties to protect their rights and entitlements, achieved after a series of violent campaigns, if not legally then by the deployment of the force of number” (Bhattacharyya, 2010:54). The perpetration and consolidation of the party-society was therefore perceived by significant sections of the rural poor as a favourable regime change, especially emerging from the *decade of chaos*. Bhattacharyya provides several examples of how it marked a distinct political phase in the life of rural peasants and their consequent change in perception - as they draw a clear distinction between *the past* and *the time since the Left Front*. The *time since*, or the *new regime*, with a *garib-dorodi-dal* (a party sympathetic to the poor) in power is “one of better wages, of moderate improvement in the living conditions and, most importantly, of the replacement of the landlord families by the

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<sup>55</sup> As a result of such discrimination, even opposition supporters would rarely dare to express their allegiances in public. This sentiment is aptly expressed in an often heard Bengali proverb: *jole theke kumirer saathe bibad na korai bhalo*, which literally means one should not enter a fight with the crocodile while living in water.

<sup>56</sup> A party can also predict and even ensure electoral success via these tactics, at least in the panchayat elections, as it knows exactly who its supporters are. This is the main reason that political parties have *sure seats*. All seats a party contests in are usually classified as to the probability of winning, with *sure* and *impossible* being the two ends of the continuum.

institutional order of the village panchayat" (ibid.). A similar conclusion is expressed in Majumdar's (2009) study, where she notes that the change was perceived as "the eclipse of the erstwhile feudal ethos of power, yielding place to institutional politics with a broader social base".

## 2.5 Conclusion

In this chapter, an effort has been made to contextualise the puzzle that has eclipsed the electoral decline of the Left Front - as spelled out at the onset - against the wider backdrop of the political history of the Indian Left movement leading up to the formation and early years of the Left Front regime. The two contrasting narratives that have dominated this discussion, the traditional/institutional account and the party-society thesis, both illuminate certain fundamental features of the CPIM/Left Front, especially regarding its institutional initiatives and operating styles. However, for the purpose of this research, it is the latter perspective that will help to build a theoretical platform allowing an enquiry into the internal contradictions that the party came to be besotted with during its attempt to negotiate a transition to a pro-market mode of economic development. Therefore, the idea of the party-society needs to be explored further, particularly in regard to its ideological orientation and structures of mediation, before the contradictions can be examined. The next chapter engages in this theory-building exercise, taking its cue from two questions asked by Bhattacharyya (2010:53): "in what way does the party-society relate with Left wing politics in the state?" and "what are its modes of persuasion and coercion?"

An attempt to answer these two questions would build an exhaustive characterisation of the CPIM (as the party had always dominated decision-making within the coalition, being its majority partner). Such a profile, created along the dual lines of ideology and tactics, would

then allow an understanding of *how* and to *what extent* the party eventually deviated once it commenced with the transition initiatives in the wake of economic liberalisation in India during the 1990s.

## Chapter 3

### **The Political Rationale of the CPIM**

*“Every revolution...creates illusions and is conducted in the name of unrealizable ideals. During the struggle the ideas seem real enough...by the end they often cease to exist. Not so in case of a Communist revolution. Those who carry out the Communist revolution as well as those among the lower echelons persist in their illusions long after the armed struggle. Despite oppression, despotism, unconcealed confiscations, and privileges of the ruling echelons...the Communists- retain the illusion contained in their slogans...They cannot acknowledge this even when forced to execute a policy contrary to everything promised before and during the revolution. From their point of view, such acknowledgement would be an admission that the revolution was unnecessary. It would also be an admission that they had themselves become superfluous. Anything of that sort is impossible for them.”*

(Djilas, 1957:50-52)

#### **3.1 Introduction**

Djilas made the above observation more than five decades ago, in his classic analysis of the Soviet communist order. Indian communism at the time was still in a formative stage, having just constituted the first ever government in Kerala, seven years prior to the formation of the CPIM, and a good decade before the Left parties had their first brush with governance in West Bengal. However, Djilas' characterisation of the CPSU (Communist Party of the Soviet Union) not only remains pertinent for the Indian communist movement in general, but also provides a relevant framework to study the evolution of the CPIM.

The previous chapter presented two contrasting perspectives on the political economic scenario of West Bengal. The traditional (or institutional) account remains the dominant perspective, and highlights a moderately effective form of governance, significant growth in agricultural productivity and a fall in rural poverty levels as the key features of Left Front rule. It also argues that the repeated electoral successes of the Left parties were a cumulative effect of these governance initiatives, complemented by a peaceful democratic environment.

However, most of these observations (emanating from the records of the early years of the Front) are rather outdated, especially in the context of the post-1990 transitional policy environment. A theoretical departure based on the second perspective - the party-society thesis - provides a deeper understanding by shifting the focus of analysis to a party (primarily CPIM) devised strategy of effective political mediation and negotiation in the day-to-day management of the lives of the poor and marginal groups. Such mechanisms, often executed through informal and even paralegal means, made the political economy, as well as the governance institutions of the state, vulnerable to strong partisan incursions. The party-society literature identifies the effects of such incursions in great detail, and describes how the social contours of both rural and urban West Bengal were transformed as a result, eventually giving rise to a unique form of sociability not witnessed elsewhere in India.

However, there remains a significant gap in this literature. Though it describes the effects of the partisan-sociability in great detail, it does little to highlight what actually constitutes this sociability. It also raises two important questions: “*in what way does it* [the party-society] *relate with the left wing politics in the state?*” and “*what are its modes of persuasion and coercion?*” (Bhattacharyya, 2010:53). Using these points of enquiry as the conceptual core, this chapter will try to address this gap, and provide a comprehensive account of the evolution of CPIM from Kohli’s description of a *reform oriented disciplinary party* into a *complex political organisation*, one that uses a particular variant of Marxian ideology and a set of unique operational practices to maintain the status quo in the face of administrative, political and ideological challenges. It is important to build this characterisation at the very onset, as the policy responses of the Left Front - operating under a federal jurisdiction but at the same time struggling to keep a distinct and contrary ideological fabric buoyant - cannot

be studied in isolation without understanding this basic character of its majority stakeholder, the CPIM<sup>57</sup>.

The CPIM has organised itself around a dual core: ideologically it propagates the idea of a people's democratic revolution as the only way to a socialist transformation of India, and sees the formation of a regional Left government as an interim stage in building the People's Democratic Front (PDF). Operationally, it has devised a series of ground level operational manoeuvres, targeted at building structures of political hegemony. These manoeuvres and the ideological doctrines went hand-in-hand while the party was in power, with the latter endorsing and providing legitimacy to the former. Together, these two elements formed a sophisticated *political rationale* which the CPIM has put to successful use since 1977. Under the compulsions of economic liberalisation post-1990, certain adjustments had to be made to both components of this rationale, but political control was not relinquished, and the party's ambition of establishing a political hegemony remained intact (see Chapters 5 and 6 for details).

An examination of the twin components of the political rationale and the resultant subjugation of all forms of governance channels to political control will therefore form the crux of this chapter. It is based on a growing body of literature that throws a more critical light on the Left regime than the institutionalist accounts, as well as drawing parallels from the concept of the *new class* first developed by Djilas in his analysis of the CPSU (1957). Djilas argued that, contrary to the claims that a communist revolution leads to a classless society, it actually gives rise to a new ruling class, which comes to exercise complete authority over the means of production by virtue of collective political control. Djilas' study is based on the CPSU and the Communist Party of Yugoslavia, and there are, of course,

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<sup>57</sup> While the Left Front is a nine party coalition, apart from the CPIM, only CPI, RSP and FB have any say in policy decisions. The rest of the parties pay lip service only, owing to their small sizes.

crucial differences between his characterisation of a post-revolutionary society and the CPIM's idea of dictatorship by the proletariat. However, this study still provides a suitable analytical lens to examine West Bengal, as the formation of a new political ruling class and its subsequent administrative and intellectual monopoly over Bengali society remain the most distinct characteristics of the Left Front rule.

### **3.2 The Ideological Discourse of the CPIM**

#### **3.2.1 The People's Democratic Front and the Formation of a Mass-Based Party**

In the 7<sup>th</sup> Congress of the CPSU, Lenin emphasised that a socialist revolution is rarely preceded by a complete development of socialist principles in a society. Rather - “to the extent that a country which had to begin a socialist revolution, because of the vagaries of history, is backward, the transition from old capitalist relations to socialist relations is increasingly difficult...” (quoted in Djilas, 1957:20). This however leads to an apparent contradiction - “if the conditions for a new society were not sufficiently prevalent, then who needed the revolution? Moreover, how was the revolution possible? How could it survive in view of the fact that the new social relationships were not yet in the formative process in the old society?” (ibid.:21).

Thus the need arises for a ‘vanguard’ (a role the communist party comes to adopt), who would not only lead the revolution and ensure its success under unfavourable conditions, but also take on the responsibility of building socialism in the new society. In reality this translates to a belief that communist leaders are in a position to lay out a blueprint for a new society, and then start to build it. This was the underlying character of the October Revolution in Russia, the Cultural Revolution in China, and other socialist revolutions elsewhere.

There remains a fundamental difference between the notion of a post-revolutionary society as per the above conceptualisation, and the state of affairs in West Bengal. The CPIM itself asserts that the formation of the Left Front is only an interim stage in the path to socialism. However, the overall thrust of the CPIM's ideological discourse is no different in character from this *vanguard* identity. As a party of the working class, the CPIM formulated its foremost responsibility as uniting all the progressive forces of the nation and leading the working class movement. The party programme declares: "the revolution cannot attain victory except under the leadership of the working class and its political party, the Communist Party of India (Marxist). Historically no other class in modern society except the working class is destined to play this role and the entire experience of our time amply demonstrates the truth" (Article 7.5: Updated Party Programme, 2000:40).

The party programme, however, acknowledges certain unique conditions that exist in Indian society, and clearly admits the impossibility of attaining socialism in the immediate future. Unlike advanced capitalist countries where capitalism developed only after the pre-capitalist society was destroyed by the rising bourgeoisie, capitalism in India was superimposed on its pre-capitalist social structures. Neither the British, nor the Indian bourgeoisie on assuming power after Independence, attempted to abolish the ingrained feudal structures. The present Indian society, therefore, is a peculiar combination of monopoly capitalist domination and caste, communal and tribal institutions. Capitalism itself cannot flourish under such conditions, let alone a subsequent transition to socialism (ibid.:30). Abolishing the ingrained feudal remnants thus remains the unfinished task of the Indian revolution. However, the present state and its bourgeois-landlord government can never accomplish this task, as despite being in power since Independence, they have bolstered their class position at the expense of the masses on one hand, while compromising and bargaining with imperialism

and landlordism on the other. The CPIM aims to replace the present bourgeois-landlord State by a *State of People's Democracy* or a *People's Democratic Front* (PDF). Only then can the unfinished democratic tasks of the Indian revolution finally be achieved and the ground for an eventual transition to socialism prepared. It is also important to point out that the PDF does not represent the traditional concept of bourgeois democratic revolution as expressed in Marxian literature, it is anti-feudal, anti-imperialist, anti-monopoly and democratic, and essentially a new type of revolution organised and led by the working class:

The establishment of a genuine socialist society is only possible under proletarian statehood. While adhering to the aim of building socialism in our country, the Communist Party of India (Marxist), taking into consideration the degree of economic development, the political ideological maturity of the working class and its organisation, places before the people as the immediate objective, the establishment of people's democracy based on the coalition of all genuine anti-feudal, anti-monopoly and anti-imperialist forces led by the working class on the basis of a firm worker-peasant alliance (Party Programme, Article 6.2, *ibid.*:31).

The PDF, evidently, is a key component in the ideological discourse of the CPIM - and also gave the party a way to reconcile its internal apprehensions about participating in a parliamentary system. When the party programme was first formulated in 1964, there were debates about what attitude the party should adopt in relation to the functioning of the state governments and how far a bourgeois parliamentary system could be used as an instrument to effect social transformation. Admittedly, the question of participating in parliament was never a central issue - as the Indian communists have been a part of the mainstream political system since 1936-37, the only exception being the Naxalite faction - but the PDF gave an ideological legitimacy to electoral participation. It established a link between the idea of a revolution and the party's various electoral slogans<sup>58</sup>. Among the most notable were those that called for the formation of the two United Front governments, the Left Front government

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<sup>58</sup> In this context, the term 'slogan' (borrowed from party literature) means the political agenda to set up state governments rather than catchphrases/straplines, etc.

in West Bengal, and the Left Democratic Front (LDF) in Kerala. These (interim) party slogans diverged somewhat from the ultimate goals of the PDF, and led to criticisms (even among Leftist quarters) that the CPIM had deviated from its higher goal of people's revolution and become engulfed in mainstream electoral politics. A reconciliation was attempted at the 10<sup>th</sup> Party Congress, where a resolution clarified that the party's struggle to build these governments was not based on ministerial ambitions, but rather was an essential step on the road to socialism.

How, then did the CPIM evolve over time? An important parallel can be drawn from the history of communist movements elsewhere, where the grand ambition of building a new social order usually results in the transformation of the communist party itself. Generally in the pre-revolution period, only a minority with strong ideological affiliations responds to the call for a revolution<sup>59</sup>. Successful revolution, however, demands “centralization of all forces...not only all material means but all the intellectual means must fall in the hands of the party, and the party itself must become politically, and as an organisation, centralized to the fullest extent. Only communist parties, politically united, firmly grouped around the center, and possessing identical ideological viewpoints, are able to carry out such a revolution” (Djilas, 1957:24). While the revolutionary atmosphere calls for constant vigilance and ideological unity as well as political and ideological exclusiveness in a communist party, the demands for centralism are bound to intensify after the party assumes control<sup>60</sup>.

The CPIM charted a similar path:

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<sup>59</sup> For example, at the time of the October Revolution the CPSU had about 80,000 members. The Yugoslav Communist Party began the 1941 revolution with about 10,000 members.

<sup>60</sup> Lenin wrote: “In the present epoch of acute civil war, a Communist Party will be able to perform its duty only if it is organized in the most centralized manner, only if iron discipline prevails in it, and if its party center is a powerful and authoritative organ, wielding wide powers and enjoying the universal confidence of the members of the party” (Lenin, 1936).

...it is essential to build a mass revolutionary party to wage the struggle on all fronts and to direct the revolutionary movement. Such a Party must constantly expand its base among the people by developing its mass movements and commensurately consolidate its influence politically and ideologically. This requires a strong, disciplined Party based on democratic centralism...the Party must constantly educate and reeducate itself, renew its ideological-theoretical level and build up its organisational strength (Article 8.4, Updated Party Programme, 2000:46).

The programme also provided guidance on the class composition of such a consolidation of forces:

...the core and basis of the people's democratic front is the firm alliance of the working class and the peasantry...The agricultural labourers and poor peasants...will be basic allies of the working class. The middle peasantry too...[will be] reliable allies. The rich peasantry is an influential section of the peasantry...at certain junctures, they can also be brought into the people's democratic front and play a role in the people's democratic revolution despite their vacillating character....The large number of white-collar employees, teachers, professionals, engineers, doctors and new strata of intelligentsia constitute a significant and influential section...every attempt should be made to win them for the revolution (ibid:40-41).

Furthermore, the CPIM aimed at not only numerical, but also political and ideological consolidation - "each and every worker and member of the party should be educated in the principles of Marxism...the political education of the party cadres is extremely important in the present times" (13<sup>th</sup> West Bengal State Congress of the CPIM, 1978:448).

These directives were put to use soon after the Left Front government was formed. In a plenum at Salkia in 1978, the party announced that its primary duty would be working towards a significant increase in membership, and the cumulative effect of its consolidation drives over the next few years was overwhelming. The 14<sup>th</sup> Congress of the CPIM (1993) provided a summary of the initial growth of the main wings of the party:

- Party membership: over 100% increase between 1977-1981
- Trade union membership: almost 30% increase between 1977-1979

- Farmers' association: 200% increase between 1977-1980
- Students' association: 40% increase between 1978-1980
- Youth organisation: 106% increase between 1978-1980
- Women's organisation: 106% increase between 1979-1981.

Such intense demands for consolidation continued to fuel the political agenda of the CPIM well into the 1980s and 1990s. The effects of this consolidation went far beyond a numerical extension of the party umbrella: it provided the building blocks of the party-society in the West Bengal countryside. As observed earlier, the consolidation of the party-society was prompted by the CPIM's political agenda of taking up a custodial role which translated into maintaining a constant vigil over rural society. The demands for centralisation - which as Djilas argues is a fundamental trend in all revolutionary parties - served the party by creating the necessary organisational machinery and mass bases to take up a vanguard position.

### **3.2.2 The Subordinate Role of the State to the Party**

Once the CPIM established authority, how did the state operate under it? In Djilas' characterisation of a post-revolutionary communist society, the state machinery abandons all forms of autonomy and objectivity, and acts only as an instrument of the party. In truth, "everything is accomplished in the name of the state and through its regulations. The Communist Party, including the professional party bureaucracy, stands above the regulations and behind every single one of the state's acts" (ibid.:35). Whether one agrees with such an extreme observation or not, the party-society thesis or even a cursory glance at the state of affairs in West Bengal would corroborate that under the Left Front, most state institutions were turned into political instruments. However, it is important to note that

operating under a system of parliamentary democracy the CPIM was compelled to adopt a more complex and nuanced approach towards its governance duties. Parliamentary participation was deemed necessary by the CPIM, but essentially in “bad faith as it did not aim to achieve any substantial move towards its promised transition” (Mukherjee, 2007:4). Instead, the party wanted to use the democratic opportunities the Constitution offered only for its own political gains. The reason behind this ‘bad faith’ can be found in a crucial caveat announced in the party programme, justifying its choice of methods:

“The formation of such governments will strengthen the revolutionary movement of the working people and thus help the process of building the people's democratic front. **It, however, would not solve the economic and political problems of the nation in any fundamental manner**” (Article 7.17, Updated Party Programme, 2000:44; *emphasis added*).

This is an extremely important assumption, and one that forms the backbone of the CPIM’s political rationale. If it is impossible to solve the fundamental problems of the nation as long as it remains a bourgeois-landlord controlled one, what will be the task of the state governments that the party might form? Operating under a federal jurisdiction, these governments will obviously be unable to bring about the larger political changes that the party aspires to. What would then be their priorities?

The CPIM stated that it felt that certain opportunities did exist within a parliamentary democratic system which state governments should be able to exploit, and thereby achieve three crucial objectives. As *instruments of struggle*, they would aim to create conditions conducive for the revolution, educating the masses on the need to establish a new state based on the firm alliance of the working class with the peasantry. They would bring about limited agrarian reforms, putting an end to semi-feudal landlordism. And finally, although they would have to perform certain duties in the realm of governance and development, these would be restricted to carrying out a “programme of providing relief to the people” (CPIM

Party Programme, 1964). As the situation did not provide any opportunity to address the fundamental problems of the nation, state governments could do much beyond providing some relief to the people to tide them over their immediate difficulties<sup>61</sup>. Governance, by definition, thus became a limited activity for the CPIM, as it believes no amount of governance or development work can bring an end to the suffering of the people under the present conditions.

Such an understanding of the role of state governments sets the CPIM fundamentally apart from all other mainstream political parties in India. Government, it maintains, is a vehicle to realise the political interests of the party, and ultimately a tool for revolution. While regional/parochial political interests do influence government functioning to a certain extent in all Indian states, only the CPIM has managed to lend it an ideological legitimacy. The political-organisational report of the CPIM's 14<sup>th</sup> State Congress, held soon after the formation of the Left Front, states:

this is our own government, and it is our political duty to protect it...It must not be forgotten that through governance and reform initiatives we have to strengthen our party and mass bases and make them politically conscious of our long term tasks...While the government takes its policy decisions only after a consultation with the party and the left front, there is still a need for a collective effort to ensure that the government's decisions become exclusive party properties (CPIM 14<sup>th</sup> West Bengal State Congress, 1981-1982:806-808).

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<sup>61</sup> 'Relief' - as Sanjay Mukherjee notes - is an interesting term, lifted straight from the colonial bureaucratic discourse, where it meant giving handouts to people during natural disasters to prevent discontent. As none of the real socio-economic problems of the state were addressed by the government, the rural poor came to be almost entirely dependent on the provision of periodic relief, which, however, was only available in return for visible political allegiance. This was a key strategy for the consolidation of party-society in the early 1980s (Source: [http://counterviews.org/Web\\_Doc/econ/rethinking\\_development\\_in\\_Bengal.pdf](http://counterviews.org/Web_Doc/econ/rethinking_development_in_Bengal.pdf) ; accessed 3rd June 2012).

The report goes on to emphasise the need to ensure *party approval at all stages and all levels* of governance work:

the Chief Ministers and most cabinet ministers usually take decisions only after a consultation with the party. But it needs to be emphasised that no provision has yet been made for the party to politically assess how certain ministers, members of the Parliament (MPs), members of the legislative assembly (MLAs), gram panchayat heads, chairpersons of the panchayat samitis or zilla parishads function...It is extremely important for the state and district leaderships to organise assessment exercises for the government employees at various levels of administration (ibid:842).

Evidently, not only did the state machinery become subordinate to the party, but the CPIM also successfully ensured through controlled and nuanced approaches that the purview of its governance efforts remains proportional to the political mileage gained in return.

### **3.2.3 The Emergence of a New Political Ruling Class**

The image of rural prosperity conjured by the Left Front based on agricultural productivity and land reforms has often been a source of contention, with the dominant discourse of “virtuous cycle of higher production...[with] a decrease in poverty and polarization” (Lieten, 1996:111) being challenged by concerns about “how the Midas touch of growth and reforms might have left structures of poverty and marginalization untouched” (Roy, 2002:28; Rogaly, Harriss-White *et al*, 1995). The dissenters have long argued that not only is the agrarian structure in West Bengal both inequitable and inefficient (Boyce, 1987), but it has also persistently excluded the rural poor from the largesse of the state (Mallick, 1993). Roy (2002) observes that there is only one point of consensus among the divergent views - that the primary beneficiaries of the Left Front’s agrarian reforms have been middle peasants who own small plots of agricultural land (usually under five acres) - but this is where the consensus ends. Authors such as Kohli (1987), Nossiter (1988) and Lieten (1996) feel that such prosperity among certain sections of rural poor is indicative of a shift to a more

equitable agrarian structure, but more recent authors argue that this beneficiary class constitutes a new agrarian elite enjoying economic and political hegemony (Webster, 1992; Echeverri-Gent, 1992; Mallick, 1993; Bhattacharya, 1993, Ruud, 1994; Beck, 1994; Rogaly, 1994; Roy, 2002). This difference in conceptualisation stems from, as Roy points out, the former group's concern with the disappearance of the large landowners and an assumption of unity of interest among all other peasants vis-à-vis the observation of the latter group that the entire middle peasantry section cannot be lumped together with the large mass of agricultural wage labourers (Bhattacharyya, 1993). Bhattacharya, and other critics of the Left Front also point out that the state's middle peasants are in fact a dominant class in their own right - West Bengal's *kulaks* (Roy, 2002) - but unlike the kulaks in Marxist narratives, an evanescent presence in the modernist progression from agriculture to industry, they have not withered away (*ibid.*). On the contrary, the Left Front has played a crucial role in reproducing and perpetuating this class, especially by channelling development resources through the *panchayats*, which they mainly dominate (Westergaard, 1986; Herring, 1989; Webster, 1990; Bhattacharyya, 1993; Mallick, 1993). Even Kohli acknowledges this development:

[I]ike any political party, the CPIM seeks to win and consolidate power. In contrast to most other Indian parties, the CPIM intends to accomplish this political goal by building its power base primarily on the lower and lower-middle classes. This necessitates involving these groups in the political process, as well as transforming some of the benefits of the power to them. Old institutional arrangements didn't facilitate the pursuit of this type of left-of-centre type of politics...Thus the CPIM...decided to restructure local government. The strategy has been to control the local panchayats through 'CPIM sympathisers', while leaving the disciplined party cadres to play crucial supervisory role over local government institutions (1987:109-10).

The emergence of the kulaks/agrarian elites/middle peasantry in West Bengal as a *new political ruling class* finds a resonance in the larger framework of Djilas' analytical construct of a *new class*, outlined below.

Given the subordinate role that the state comes to play in post-revolutionary communist societies, it is the professional party bureaucracy who assumes sweeping control. Its monopolistic control of national income gives it a privileged position, where it can assume the charge of executing any reorientation of existing social/property relations and use the state machinery both as a cover and an instrument (Djilas, 1957:35). If ownership can be defined as a right to profit and control, then the “Communist states have seen...the origin of a new form of ownership or of a new and exploiting class” (*ibid.*). This is the *new class*. Given the anti-capitalist tendencies of a communist state and the revolutionary party championing the cause of the working class, it is only natural that the new class arises out of the proletariat. On its way to power a communist party not only seeks support from the proletariat and the poor, but also unites their ideas, interests and hopes, thus gradually achieving an intellectual monopoly over the entire proletariat. Once in power this intellectual control automatically transforms into an administrative one and as the new class translates its monopoly of authority into a totalitarian social structure, it “attains a more perceptible physiognomy, the role of the party diminishes...The once live, compact party, full of initiative, is disappearing to become transformed into the traditional oligarchy of the new class...The party makes the class, but the class grows as a result and uses the party as a basis” (*ibid*:40). Membership of the new class is naturally an attractive proposition - not just because of ideological affinity - but to enjoy the fruits of ownership as evidenced “in the changes in the psychology, the way of life and the material position of its members, depending on the position they held on the hierarchical ladder” (*ibid*:57). The class remains interested in the proletariat and the poor only to the extent necessary to develop and sustain its subjugation of all forms of social forces. Finally, it derives legitimacy from its theoretical discourse that without the efforts of the party, society would regress and founder. However, for all practical purposes, ideological affinity barely plays any role other than legitimising

ownership privileges in the class's own consciousness. Consequently, while membership in the communist party before revolution meant sacrifice, post-revolution it becomes very lucrative<sup>62</sup>.

The state of affairs in West Bengal concurs with most of Djilas' observations, as this new ruling class contributed enormously to the consolidation of the party-society. Entrusted by the party leadership with the task of fostering political allegiance in the countryside, by virtue of domination over state institutions local party chieftains quickly became the sole benefactors of rural socio-political lives, carefully monitoring the political returns of any governance initiatives. The composition of this class cut across all forms of traditional class, caste, religion and other social boundaries in Bengali society. Drawing upon an identity solely inherited from political allegiance, its membership initially centred on full-time party workers and local leaders, but then extended to a much wider circle of 'proletariats' as identified by the party. This included government employees, school teachers<sup>63</sup>, and government contractors, as well as middle and rich peasantry. The sustenance and well-being of this class, particularly its middle class core, was derived from the state and the social surplus. Mukherjee points out that:

this ruling class, unlike the bourgeoisie, lives off the social surplus but is itself unable to organize or lead the production of wealth. This makes it a parasitical class, which could lead to a major contradiction between its unsustainable surplus extraction process and its need to retain its power and legitimacy by winning elections, which is a crucial precondition of its political and social power. The strength of such a political ruling class lies in its unity and organization, which is largely achieved by a party-controlled unionization at every site and sphere (2007:4).

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<sup>62</sup> See Chapter 6 for examples of a similar development in West Bengal.

<sup>63</sup> School teachers initially were an important element of this class, as they lent a veneer of moral legitimacy to the regime but their pre-eminence as the primary connection between an already marginalised civil society and an emerging party-society was short-lived, as they lost touch with the community due to their high income from salaries and other sources (mainly private tuition). See Bhattacharyya (2001, 2004).

Since ground level political control was left to the members, their priorities and demands eventually came to control the priorities of the party itself. The demands of this class also formed one of the ‘push’ factors behind the government’s policy decisions, and its members came to enjoy - in Djilas’ words - a ‘privileged’ position. The demand for economic prosperity originating from this class was one of the main driving factors behind the transition to a pro-market development model in 1991.

In summary, the first component of the CPIM’s political rationale - its ideological discourse - consists of the following key elements: (1) the PDF and the call to form a mass-based party; (2) the subordinate role of the state to the party; and (3) the emergence and perpetuation of the new political ruling class. Together, these elements provide an intellectual framework to examine the CPIM’s operational practices. A study of the post-1990 political economy of the state would need to draw much from this framework, as significant proportions of the CPIM’s efforts went into adjusting this discourse according to the changed economic scenario. Furthermore, it also answers the crucial question raised by Bhattacharya of how the party-society relates to the Left political discourse. The ideological discourse of the CPIM was the key determinant of the political roadmap the party eventually embarked upon, the unique socio-political environment of the state described in the party-society thesis being but a natural manifestation of the process.

A final point before proceeding to the second element of the political rationale: though the ideological discourse as discussed above forms the backbone of the CPIM’s approach to governance and development, it would be an exaggeration to claim that the entire rank and file of the party remained convinced and motivated by the idea of revolution or the PDF - something the party itself admitted in several of its reports. The 1967 party central committee report states:

theoretically, only a centralized and well organised communist party can lead the revolution against the bourgeoisie-landlord controlled state machinery. But for all practical purpose, such a consciousness is lacking among our party workers, and is being replaced by a more federal perspective. Leaving aside party workers, it has become a common practice even among the party leadership to display a 'stateless' attitude and lack of national consciousness (CPIM Central Committee Report, 1967).

These tendencies were further aggravated by the departure of the Naxalite faction, and as a result, the revolutionary tone of the CPIM had significantly mellowed by the time it participated in the Left Front government. The Salkia plenum report states:

The important weaknesses and deficiencies of the party as pointed out both in the 1967 and 1973 central committee reports - especially the dangerous tendencies towards federalism - are yet to be rectified. In fact they have increased even further. The kind of political and ideological unity that should have been fostered between our party members and party committee leadership continues to elude us... (Salkia Plenum, 1978:664-668).

The plenum also observed that while the party membership had increased manifold after 1964, most of the new members did not have the experience of fighting against reformist tendencies, and therefore could easily err and deviate from the revolutionary line (ibid:669).

Similar warnings continued to make cursory appearances in party meetings over the years, but as the new class strengthened its political control and the party entrenched its electoral power in the state, ideological debates became increasingly marginalised. It was only after the 2007/8 Nandigram/Singur incidents, that a reassessment of the CPIM's ideological coherence formed a significant component of mainstream political debate in the country. Criticism was harsh, and ideological dilution identified as a long-standing and insufficiently addressed problem. Mukherjee observed:

The CPM made a historic compromise with the Indian state, capitalism and imperialism. And it is this defeated left that came to power in 1977, a left that had given up its militancy against the dominant classes, a left that had given up its struggle to make a revolution. The interesting point is that the left could not create

an alternative imaginary of historical change and development. So, in 1977, it was not only a defeated and mellowed force, it was also a cautious left, lest it face dismissal from office. It was a left that abjectly failed to critically and creatively think and dream the impossible (2009:2).<sup>64</sup>

Most of the above observations will be revisited in Chapters 5 and 6 in order to map the post-1990 shifts in the party's ideological discourse. For now, it is sufficient to point out that these ideological debates, though prevalent in the early days of the government, were gradually sidelined as the CPIM turned its attention to translating the government into an instrument of struggle. Though the theoretical discourse continued to provide legitimacy to the *modus operandi* of the party, the latter eventually came to dictate and in fact subsume the ideological coherence. Ideology was gradually reduced to mere populist rhetoric, designed to justify party actions.

### **3.3 The Creation of Hegemonic Structures**

The notion of 'daily renewal of legitimacy' (Chatterjee, 1997) embedded in the party-society thesis raises important questions about the modes of persuasion and coercion that make such renewals possible. This is an area that has rarely been explored amidst the dominant discourses of a gentlemanly order propagated by the Left and lauded by Kohli, Nossiter and others (Roy, 2002). The successful agrarian populism of the Left Front led to a mythicisation of a prosperous peasantry and an image of a quiescent Calcutta, proud of its intellectual and cultural heritage, while attributing the de-industrialised predicament of the state to the parochial attitude of the central government (see next chapter for details). While the party-society thesis challenges this narrative, bringing the hegemony enjoyed by the party-supported rural elite to the forefront, it does not show how this hegemony was produced and

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<sup>64</sup> Source: [http://counterviews.org/Web\\_Doc/econ/rethinking\\_development\\_in\\_Bengal.pdf](http://counterviews.org/Web_Doc/econ/rethinking_development_in_Bengal.pdf); accessed 3rd June 2012.

legitimised. There are insights; in Bhattacharyya's work on the cultural forms of patronage (1993), Ruud's (1994, 1995) and Bandyopadhyay's (2009) anthropological explications of the clientelist structures, Rogaly's (1994, 1995) analysis of labour management and Roy's (2002) ethnographic account of the mechanisms through which order is generated and acquiescence secured. It is crucial to discuss these mechanisms in some detail, as not only were they instrumental in establishing the hegemonic structures, but they also played an important role in the CPIM's attempt to negotiate and implement the policy transition during the second half of the 1990s and 2000s.

These mechanisms were essentially a variety of political management tactics which allowed all negotiation opportunities between the regime and the citizenry to be framed in a single dimension, that of *political allegiance*. Negotiations could be for the delivery of land, housing and other public services, access to resources and healthcare, settlement of family disputes or for almost any matter pertaining to normal civic lives. The result of framing such diverse negotiation spaces along the lines of allegiance was a successful transformation of an unreliable citizenry into an accessible public, thus propagating the hegemonic structures (Roy, *ibid.*). It is, however, important to note that while in the vocabulary of the party all such tactics are legitimate for a greater good, being a political ruling class in a constitutional democracy, winning elections had also become a crucial element in the CPIM's bid for legitimate rule. Only by virtue of electoral victory - rather than the usual coercion mechanisms of a totalitarian regime - could the CPIM claim to represent the majority of the people.

This makes democracy, defined in exclusively electoral terms, central to its hegemonic strategy. The Left has mastered the fine art of winning elections by a strategy of controlled and disciplined mobilization of the people aimed at manufacturing consent in its favour... the left has both unleashed the democratic process but has simultaneously been able to tame and domesticate democracy through innovative techniques of governmentality (Mukherjee, 2007:7).

This *art*, or *innovative techniques*, form the core of the CPIM's structures of hegemonic control, involving an astute translation of control over state institutions into popular political support.

Roy (2002) defines three key theoretical markers that can be used to gain a deeper understanding of this. The first is *populism* - indicating clientelist strategies of popular mobilisation and disciplinary control, deeply embedded in all forms of commercialisation, and involving a wide range of agents and institutions. The most common form in West Bengal is a culture of patronage, where under the guise of upholding class interest, various patronage structures have surfaced as the dominant force in maintaining stability in societal relations. The second is *informality* - signifying a realm of regulation where ownership and user-rights are established, maintained and overturned through elaborate extralegal systems. Roy emphasises that *informality* is a technique to maintain discipline and exert power, and thereby is both an outcome and a process. Its significance lies in the inherent ambiguities of the informal which sustain the dynamics of constant negotiation and negotiability. The third is *regime* - a specific structure of power predicated on the simultaneous deployment of legal and extralegal mechanisms of control and discipline. Taken together, these ideas present an *institutional ensemble* by which hegemonic alliances are created, and through which power is mediated and expressed to sustain the alliances. Roy goes on to observe that while "the bulk of studies on West Bengal have been concerned with assessing the static effects of the Left Front rule, then the idea of a regime breaks with this emphasis, shifting the inquiry to how socio-political apparatus of the Left is constituted, maintained and challenged" (ibid.:141). To examine the manifestations of such an institutional ensemble, one needs to first look at the specific sites where they are located and controlled from, and then how they are propagated. In other words, the creation of hegemonic structures can be understood through (1) the sites

and networks of patronage distribution, and (2) the subjugation of institutions to political diktat.

### **3.3.1 The Sites and Networks of Patronage**

As discussed in Chapter 2, the *panchayati-raj* institution has been the main vehicle for change in rural West Bengal since 1978. However, in line with its principles of retaining political control, the CPIM never allowed elected panchayat representatives to assume absolute decision-making authority. According to Article 20 of its Constitution, at the local level the elected representatives would work under the appropriate party committee or branch in strict conformity with the party line, its policies, and directives (CPIM, 1989:16-17). As a result, *panchayats* were largely controlled by local/district party headquarters and decisions simply conveyed to the local elected representatives with implementation instructions. Moitree Bhattacharya provides a stark admission from a CPIM representative about the exact nature of the party's control:

...there is a *Parichalak* [organising] Party Committee of CPIM which is responsible for taking all decisions regarding panchayats. It is this committee that takes all decisions at the party level and passes it on to the Panchayat Sub-Committee. Panchayat Sub-Committee consists of a few selected members of a *gram* [village] panchayat who, at the panchayat level, establish the link between the party and gram panchayat. When they come to know about party's decision, they convey it to the gram panchayat representatives elected on CPIM ticket. This decision is then formalised by the elected representatives at the gram panchayat meetings. The elected representatives act as mere rubber-stamps. Many a time they don't even come to know why a particular decision has been taken. They only formally endorse what the party decides (Bhattacharya, M, 2002:175).

The control was no less complete in the policy implementation stage. A group of party cadres and supporters (generally referred to as the *gram* committee) worked actively in the villages under the direction of the party branch committee, maintaining contact between the villagers and the party, and monitoring the implementation of development works undertaken by the

gram panchayat. As Moitree Bhattacharya (ibid.) points out, in most cases these *gram* committees ended up exerting complete control over the development programmes, while the elected representatives went about their daily lives.

Candidate selection for *panchayat* elections provided the party with another way to enforce its authority. Candidates were usually either party members or close to the party organisation, and ordinary villagers rarely had an opportunity to participate. The party does not approve of individual campaigns and introduces the candidates to their respective electorates only a week or two before the elections. The party cadres/*gram* committee members are entrusted with the campaigning activities, so that the views expressed in all three tiers of the *panchayats* across the state remain consistent. As a result, once elected, representatives are more indebted to party leaders than the electorate.

...Right from the stage of nomination, followed by campaigning and then occupying the seats of power, it is the party that has the maximum control and influence. People have no say either in nomination or in decision-making, and after election they do not even have any power of removing the elected representatives unless the bureaucracy or the party takes any action. Thus the representatives develop a tendency of ignoring the common villages to a great extent" (ibid:180-81).

Such an attitude goes completely against the spirit of democratic decentralisation, the declared objective of the *panchayati-raj* institution.

A number of studies have also analysed how *panchayat* membership used to be drawn largely from the political middle class that surfaced during Left Front rule. In a 1983 survey, Kohli showed that the majority of *panchayat* members owned between two to five acres of land (Kohli, 1987). Mallik used the same survey to demonstrate that the overwhelming majority of the members were small to middle peasants who employed hired rather than family labour (Mallick, 1993). Acharya showed that gradually teachers also came to form a significant proportion of *panchayat* members (Acharya, 1994) and a seminal study on *panchayats* by

Mukharji and Bandopadhyay (1993) established that the candidature was formed not only from ‘middle peasants’ but from a ‘middle category of society’, constituting small and middle peasants as well as school teachers.

As a result of *panchayat* membership being dominated by a middle class with a specific political affiliation, there has been a continuous estrangement of the general public from *panchayat* activities over the years. Despite implementing significant agrarian reforms and other development programmes, increasing politicisation of the *panchayats* has inculcated a strong *we vs. they* sentiment among the common people. The majority of the masses has lost faith in the proclaimed non-partisan character of the panchayats. Moitree Bhattacharya’s study traces the roots of this perception among the rural population, and concludes:

...far removed from a ‘we-feeling’ towards panchayats...when they feel that panchayat representatives are more interested in obliging the party leaders rather than the electorate, they get disenchanted with the very panchayat system itself. Instead of consulting people in selection of beneficiaries and process of implementation of development works, the panchayat representatives accept the decision of the party leaders, people have come to stand at the receiving end. They could not be made the participants of development activities (ibid.:184)<sup>65</sup>.

Patronage cycles are also deeply embedded within *panchayat* practices. Where control over *panchayats* equates to consolidation of rural power base, attempts to gain support are made by using the *panchayat* forum to distribute patronage. This usually takes the form of sanction of government grants, bank credit facilities and ration cards, allotment and registration of land in the name of sharecroppers, provision of employment under various government schemes, etc. The *panchayats*, Moitree Bhattacharya concludes, are appropriate forums “to extend such patronage, thereby buying the support of the beneficiaries. It is this support which the political parties buy in course of distributing patronage. The common people lured

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<sup>65</sup> On average, 85% of the total interviewees in Bhattacharya’s study expressed an absolute lack of interest in the *panchayat*’s activities, and 96% (with no declared party affiliation) said they did not attend meetings.

by the possibility of receiving some sort of benefit from such political parties do not oppose the party which showers such patronages the most" (ibid:186). Other studies cited earlier, such as Mukherji and Bandopadhyay (1993), Bhattacharyya (1995), Ruud (1995), and Roy (2002) have shown how the middle class' dominance over the *panchayats* establishes and maintains rural hegemony: the phenomenal growth of money/developmental resources controlled by these bodies, lack of financial accountability, and cosy alliances between bureaucracies and the *panchayat* ruling class, with the former group being largely controlled by the latter. Roy (ibid.) has also shown how in the eyes of a vast majority of rural poor, there is a widespread dismissal of *panchayats* as inevitably and undeniably corrupt.

In effect, as the lines between party and government slowly faded away, the real authority in rural West Bengal came to be vested in the hands of party leaders in villages, local committees and district headquarters. Not only did the execution of policy decisions lie with them, but the overriding criterion to gauge the effect of such decisions was the extent to which they manufactured political consent. Thus, the CPIM was able to create and retain an almost impenetrable political force dominating the rural landscape of West Bengal.

In contrast, the sites and structures of patronage in urban centres were far less visible, and derived mainly from a context of regulatory ambiguities that allowed the state and political parties tremendous flexibility in controlling the poor and lower-middle class citizenry. Roy (ibid.) provides one specific example - that of a continuous narrative at the fringe, involving re-territorialisation of squatter settlements from scattered urban locations to specific, circumscribed spaces. There was (and still is) continuous and heavy migration from rural destitute households in the state (as well as Bangladesh) to Calcutta (Dagupta, 1992; Jagannathan and Halder, 1988), and the CPIM had been actively engaged in resettling them into *colonies* – a political as well as geographical move, converting poor migrant peasants

into an organised and captive urban electorate. Roy provides a detailed description of how the patronage relationship was being reproduced on an everyday basis in these colonies through party offices (and local clubs which are usually under party control) that oversaw every detail of daily lives.

It is the party office that mediates state intervention, as in the provision of infrastructure...establishes rights to the informal use of electricity...distributes ration cards creating official identities...establishes committees to draw and redraw boundaries, regulates the selling of plots with appropriate commissions, and moves families at random from colony to new colony, from settlement to new settlement...Party offices constitute a crucial point of social control. Here, whom one votes for is guaranteed, pre-fixed and it is this surety that ensures access to shelter... (Roy, 2002:150-51).

In addition to the daily subjection to the party authorities, there is a fuzziness surrounding ownership rights to the colony lands. Residents were allowed to establish *de facto* use rights but without any legitimate ownership, making it possible for the party to reclaim the plot at any time, something the settlers would do well to remember at election time.

The colony example demonstrates the uneven, volatile and informal nature of patronage structures at urban centres, where instead of a specific site such as the *panchayat*, control was mitigated through an exhaustive monopolisation of all state institutions by political forces. Some of the other most visible manifestations of such control are described below.

### **3.3.2 Control over State Institutions**

Traditionally, the Indian Left harbours suspicion and hostility towards liberal constitutional principles and arrangements. The checks and balances in the Indian Constitution, the CPIM argues, are the rearguard of bourgeois rule, upholding class interests and private property accumulation. As Article 5.14 in the updated party programme states:

Fifty years of bourgeois-landlord rule have corroded all the institutions of State power. The administrative system being based on a highly centralised bureaucracy

reflecting the growth of capitalist development, power is concentrated at the top and exercised through privileged bureaucrats who are divorced from the masses and who obediently serve the interests of the exploiting classes. The enormous growth of the bureaucracy, its strong links with the ruling classes and the rampant corruption of the bureaucracy are factors weakening the democratic structure of society (2000:26).

Misinterpretation, distortion and even violation of Constitutional rights - according to the CPIM - demonstrate the continuous bourgeois incursions in Indian society, and must be thwarted at all costs in the interests of the working class. The only way to do so, as Article 5.34 in the party programme claims, is by skilful utilisation of the democratic institutions in combination with extra parliamentary activities (*ibid*:30). In reality, such 'skilful utilisation' translates into the practice of subjecting the institutions to complete political demands. In fact, the extent to which the CPIM came to control both the state and the society closely mirrors Djilas' assertion that material as well as intellectual monopolisation is a fundamental demand of a communist party in power. Hardly any institution of importance - as Harihar Bhattacharya writes in one of the most well documented studies of the CPIM's control mechanisms – was beyond its penetration and control.

The party's seriousness and sincerity in this endeavour is beyond doubt. It's no wonder that elections of the members of the schools' managing committees in a district town take on the character of a general election. For all these and many more, the design of the party remains the same: systematic penetration and control of institutions in social, cultural, economic and political spheres (Bhattacharya, H, 1998:7).

It was in establishing control over all-important public institutions that the organisational strength of the party came into play. Following the initiatives to increase the mass base of the party begun in the 1970s, the CPIM made significant progress over the next few decades, amassing almost fifty-five million members by 2008 (as noted in the 19<sup>th</sup> Party Congress) This vast network is effectively managed by the party through a highly centralised structure, using control mechanisms such as discipline, punishment and surveillance which successfully

enabled it to become an all-pervasive entity in both rural and urban Bengali society. The party's presence and control structures range from formal systems in public and private sectors and state institutions, to the informal in the various marginal communities that exist at the fringes of society- street hawkers, permanent dwellers and squatters, informal workers (especially migrant labourers), shanty town dwellers, schedule caste/tribal communities, etc. In most cases these communities suffer from a dubious legal status (as in the case of colonies), and their survival is only ensured by submitting to the local party supremos, who protect them from the police/judiciary in return for political allegiance.

These various mass organisations were not only the most important components in the CPIM election machinery (Chatterjee, 1997), but were also entrusted with ground-level political negotiations. This was achieved by turning most formal bodies within various state institutions into unions/sub-committees/associations of one or the other of these mass organisations. Instances of such unionisation are numerous, especially those affiliated to the trade union wing of the party - the CITU (Centre of Indian Trade Unions). For example, several Employees' Coordination Committees (ECCs) which were nothing but party fronts came to dominate the public sector services<sup>66</sup>. As with the *panchayats*, here also the party used the formal power of the government to distribute patronage, thereby coercing public sector employees into toeing the party line. Keeping with the party's ideological discourse of relief provision, this included small favours such as promotions, choice postings, allocation of subsidised land plots, foreign tours, family benefits, etc<sup>67</sup>.

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<sup>66</sup> Other major public sector unions in West Bengal are the Confederation of State Government Employees (CSGE), Yukta Committee, and various Joint Councils and Steering Committees.

<sup>67</sup> One of the most prominent examples of such practices is the case of Justice Bhagwati Prasad Banerjee, a retired Calcutta High Court judge. He was given a highly subsidized plot of land in Salt Lake (an up-market area of Calcutta) in return for a favourable judgment in a petition which had challenged the government's right to distribute subsidised plots in an arbitrary fashion. In 2004, the Supreme Court of India criticised Justice Banerjee for gross misconduct and ordered his house auctioned to return his dues to the government. The list of such subsidized plot holders was found to be a who's who of bureaucrats, journalists, politicians and

The next important institution to be brought under the party sway was the municipalities - the institutes of grass-root democracy and agencies of local self government in urban areas. Since 1977 the CPIM had participated in municipal politics with a well-formulated political design of externally operated party control of municipal affairs. Again, the aim was to use the municipal platforms for building party support and extending political influence through development activities. Harihar Bhattacharya's study of the municipal town of Burdwan and Hooghly leads him to infer:

The party forms Municipal Sub-committees at different levels of the party hierarchy such as district, zonal and local committees to look after the interests of the party in municipality. These Sub-committees are the most powerful techniques of party control over municipalities. In party's terms of discourse, these Sub-committees are to take all the important decisions regarding municipalities (Bhattacharya, H, *ibid.*:12-13).

As a result of this external political control, even the CPIM admitted that the ambition of strengthening urban grass-root democracy through the municipalities was never realised<sup>68</sup>.

Similar partisan incursions extended into other important state institutions such as the police, and even the judiciary, where the CPIM-controlled unions/associations gradually became the main nodes of power. According to a Police Commission Report, "it is needless to emphasize that police associations seem to have emerged as an alternative center of authority in the police system. In many places they have tended to usurp control of the force and subvert its command structure" (quoted in Namboodiri, 2006:388). There have been many instances where the police and administration have blatantly ignored court orders which might have

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academics. In a similar instance, a professor of English at a local university - Surabhi Banerjee - was 'given' a valuable plot of land after she wrote an official biography of Jyoti Basu. Roy (2002) describes this transaction as just one of the innumerable acts of territorialized patronage that the CPIM specialised in, albeit blatantly illegal.

<sup>68</sup> "The main weakness in running the municipalities is our failure to involve the people in the activities of the municipalities. In some areas, Ward Committees including common people have been formed, but they are not active at all" and "We have not been able to make much headway in so far as the mass initiative in the developmental activities of the Municipality is concerned", admitted the 1985 and 1988 reports respectively.

affected the CPIM. The judiciary itself is often found to delay and subvert justice where the Left parties have indulged in large scale political violence, for example the mass killings of Ananda Margis in 1982, the near genocide in Marichjhampi, the killing of 11 opposition supporters in Suchpur, and the Chhoto Angaria arson and murder (ibid:55-64). State higher education institutions provided another significant point of control. The party education cell was usually entrusted with the responsibility of choosing candidates for high ranking positions, even that of Vice Chancellors in the state universities, and the official forums for these decisions were often reduced to mere formalities ratifying the party choices. Prof Santosh Bhattacharya (Vice Chancellor of Calcutta University, 1984-87) alleged in his aptly titled book, *Red Hammer Over Calcutta University* (2009), that the CPIM not only came to gain absolute control over the entire education system in the state, but “systematically destroyed” Calcutta University, one of its most prestigious educational institutions, through its concerted strategies to manufacture political consent at any cost.

There are numerous other instances. For example, various bus workers’ unions, railway employees’ federations, private bus and minibus federations, etc. control most of the transportation sector; the banking and finance sector is dominated by CITU controlled bank employee unions and federations. The private sector is kept in check through various workers/labourers associations, either directly under CITU or through affiliated *majdoor* (labourer) unions and construction workers’ federations. In the education sector there are various school, college and university teachers’ associations; physicians’ associations and medical sales representatives’ union in the health sector. There are CITU affiliated engineers and technical officers’ associations and an IT workers’ union. And finally, even in the arts there are party affiliated theatre associations, poets’ foundations, etc. In those cases where the party does not enjoy formal control, it resorts to standard disruption tactics and eventually

triumphs. The CPIM can deadbeat any institution - as Mukherjee writes - “because of its long experience in organizing the politics of the work place under party controlled unions which acts as conduits for furthering the power of the party” (2007:14).

### **3.4 Ideological Legitimisation of the Hegemonic Practices**

As mentioned before, it can certainly be argued that extension of political influence over state institutions is not unique, especially in the Indian context. However, what makes the CPIM stand out among mainstream political parties in India is the legitimisation it draws from its ideological doctrines to give its hegemonic structures and practices a veneer of moral and political sanctity. This act of sanctification derives from what Djilas describes as one of the major errors of contemporary communist belief: “[i]n the pretensions of contemporary Communism of being, if not unique and absolute, but in any case the highest science, based on dialectical materialism, are hidden the seeds of its despotism. The origin of these pretensions can be found in the ideas of Marx, though Marx himself did not anticipate them” (Djilas, 1957:2).

Whether one fully agrees with Djilas or not, it is undeniable that there is a sense of inevitability in the communist *laws* of historical progress of human society culminating in socialism. Furthermore, communism declares that the working class alone, by virtue of being free from any vested interest in the existing social order, has an intellectual monopoly on these laws. Beginning with the premise “that they alone know the laws which govern society, Communists arrive at the oversimplified and unscientific conclusion that this alleged knowledge gives them the power and exclusive right to change society and to control its activities” (ibid:3). They see themselves as the vanguard of the working class with the sole

claim to the repository of scientific laws that govern society, and thus as the true interpreters of human history and its philosophical, intellectual and moral torchbearers.

The obvious corollary of such an assumption is that whoever opposes the communist party in effect stands in the way of science, truth and the inevitable course of history. Such opposition generally originates from two sources: (a) sections of society with vested interests in the older order, namely feudal landlords and the bourgeois classes; and (b) ignorance among the common masses of the communist laws. The latter can be addressed initially by education in communist principles<sup>69</sup>, and if necessary, coercion. The former, however, cannot be expected to give up their vested interests in the existing social order so easily, and thus relentless class wars must be waged.

The CPIM party programme prescribes a similar path. It upholds the “scientific philosophy and principles of Marxism-Leninism which *alone* shows the correct way to complete emancipation” of the Indian people from all forms of exploitation under the current bourgeois-landlord rule (Article 8.7). In order to achieve this, the party “has to conduct prolonged struggles on all fronts - political, ideological, economic, social and cultural - till victory is attained” (Article 8.1). Thus the efforts to build a mass base also commensurately consolidated the party’s ideological and political influence. In order to discharge its historic responsibility towards the working class, including those who might carry a ‘corrupt consciousness’ (Mukherjee, 2007) and need to be coerced into accepting the true and scientific principles of historic progression, the party “must constantly educate and re-educate itself, renew its ideological-theoretical level and build up its organisational strength” (Article 8.4). It must also wage a determinant struggle to free people from the influence of the

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<sup>69</sup> Ideological education is a serious task in communist parties around the world. In West Bengal, regular party-classes have been a distinguishing feature of the CPIM since its formation. A constant emphasis on increasing the publication and circulation of party literature stems from the same necessity.

exploiting bourgeois-landlord classes. The party programme adjures peaceful means to bring about the proposed transformations, but at the same time repeatedly refers to the nature of the struggle as *militant*, and warns its members that the ruling classes will not relinquish power voluntarily. They will seek to “defy the will of the people and seek to reverse it by lawlessness and violence. It is, therefore, necessary for the revolutionary forces to be vigilant and so orient their work that they can face up to all contingencies, to any twist and turn” (Article 7.18).

The tactics used by the CPIM for the “complicated and protracted struggle” (Article 7.16), thus find complete endorsement in its ideological doctrine. From the use of extra-parliamentary forms of struggle to militant activism and even efforts to establish an intellectual hegemony over all aspects of society, these tactics are not only deemed essential to the *war* the party is engaged in, but in need of constant reaffirmation until *victory* is attained. By defining its political tasks in militaristic terms such as *war* and *victory*, *psychologically* the party gained the freedom to choose whatever tactics it deems fit for the purpose, i.e. the greater good, which can be brought about only by following the scientific principles of Marxism-Leninism.

It can of course be argued that most CPIM members do not ascribe to such a traditional Marxist discourse. While the party did follow the Marxian belief system more closely in its early days, it has been much diluted in recent times, especially after the departure of the Naxalite faction and the subsequent formation of a state government within a federal democratic structure. The ideas of peoples’ democratic revolution and the imminency of socialism have gradually been replaced by other priorities, most notably, winning elections. However, the orthodox belief system continues to perform one crucial function, it provides the party with a “legitimising discourse to undermine and crush the legitimacy of the very

idea of an opposition" (Mukherjee, 2007:8). Unlike any other mainstream political party in India, the CPIM is in constant need of an argument to defend its version of democracy (i.e. the idea of the PDF as an interim stage on the road to a socialist revolution). It is only by ascribing to the knowledge-power nexus of Marxism that such an argument could make sense, and Marxian ideology, "in the service of the CPIM, has become a mere means to its end of retaining political power. In this strategic use of Marxism the CPIM makes instrumental use of the old left orthodoxy that the end justifies the means...and is usually reduced to the sole aim of staying in power" (ibid.).

### **3.5 Conclusion**

The glaring contradiction between the CPIM's ideology and its role in Indian politics is as follows: the party is wedded to the idea of revolution by bringing the liberal bourgeois democratic state to an end, but at the same time it was in charge of two such regional governments (West Bengal and Kerala) until 2011, and to the present day in Tripura, thereby submitting to the same bourgeois diktats that it pledges to destroy. Strict adherence to Marxist-Leninist principles would have made such a situation impossible to survive - either the party would have to leave office and call for revolution, or surrender its ideology to a more liberal set of principles<sup>70</sup>. The CPIM has done neither. Instead, it has come up with a rather novel combination of both, where Marxist rhetoric and the organisational structure of a communist party is used to "capture, colonise and subvert the institutions of the state as well as the space of civil society. Marxist ideology has provided legitimacy to this process of colonization" (ibid:9).

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<sup>70</sup> According to Kohli, as discussed in the previous chapter, this is exactly what the CPIM has done. It is today, for all practical purposes, a socialist democratic party. However, the CPIM has never formally abandoned its Marxist-Leninist principles.

The conceptualisation of this process as a unique political rationale - comprised of an ideological discourse and a set of hegemonic practices - provides a fresh perspective on the totalitarian nature of the communist regime in West Bengal. The idea deviates significantly from the institutional account, and while it does borrow the conceptual core of the party-society thesis, it steers clear of a further extension of the argument, focusing instead on the conditions that are precursors to the party-society environment. In addition, the political rationale argument also helps to trace the features of Bengali communism to certain fundamental characteristics of the totalitarian nature of communist regimes. In doing so, it also closely echoes Harihar Bhattacharya's idea of communist designs of power as a 'modernist problematic', one that demands conformity and consensus at the same time (1998). Communism, Bhattacharya argues, represents both a modernity and a totality, and produces an inevitable exclusionary process of those outside of the closed loop of conformation-consensus. The well formulated designs of these regimes and their concomitant operations determine the patterns of exercise of power at different levels of socio-political reality, and in most cases result in an exclusion of common people from the processes of power, decision and action. The West Bengal situation is no exception, where the questions of mass-mobilisation, expansion of social bases of support, and degree of popular participation are all ultimately connected and determined by these designs of the ruling party.

In his examination of the micro-foundations of Bengali communism, Harihar Bhattacharya reaches similar conclusions to the observations made in this chapter. Factors responsible for the achievements of the CPIM in West Bengal, he writes, "are a set of well-formulated designs of capturing and exercising power at different institutional levels of society" (ibid:1). At the same time, the CPIM's exercise of power in West Bengal since 1977 has been accompanied by a particular version of Marxian political theory, a discourse which

“determines and legitimises the contours of the exercise of power, and the degree of mass participation in the process of decision” (ibid:3). He further points out that the development dimension of this regime should not be over-emphasised at the cost of the mobilisation goals of the party (a crucial mistake made in the institutional accounts and particularly by Kohli), as in the party’s frame of reference, the two are closely interlinked (ibid:5).

It is this interconnection that the political rationale argument focuses on, where the hegemonic practices of the party balances its governance and development duties against its political agenda, and any contradiction or discrepancy is sanctified by a legitimising Marxian discourse. Such a strategy served the CPIM extremely well throughout the 1980s. Furthermore, the closed economic environment of the country significantly aided such a political style, as there was no incentive for the Left Front (or any other state government) to expand its development initiatives. The CPIM also worked out a useful way to transfer the blame for all kinds of economic woes to the central government<sup>71</sup>. Overall, the importance of CPIM’s political rationale lies in the fact that it shaped the political economy of West Bengal in a unique way, of which the party-society environment is the most visible manifestation. However, in so doing governance, for sole development purposes, was reduced to a temporary and almost peripheral activity. Unless a governance initiative facilitated the political objectives of the party in some way, it was not deemed important. As a result, governance and/or administrative channels in West Bengal lost their autonomy almost entirely, and could only function according to the guidelines provided by the political channels.

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<sup>71</sup> Assema Sinha (2005) calls this a partisan confrontational strategy - an important policy plank for the CPIM. See Chapter 4 for details.

The 1990s brought hitherto unforeseen challenges for the CPIM at various levels. While the economic reforms unfurled by the central government compelled the party to rethink its entire policy approach, the collapse of the USSR dealt a severe blow to its political ideology. The way CPIM responded to these challenges was multi-faceted, with the party ideologues and policy makers trying to maintain a fine balance between the new economic compulsions and the party's own political agenda, which itself underwent significant modifications. The post-1990 transitional period in West Bengal is often reduced to a story of straightforward economic compulsions and (or the absence of) policy responses. The real turn of events were, however, much more complex and were neither prompted by pure economic compulsions, nor exercises in policy design. For the first time, the CPIM had to renegotiate its political rationale - making adjustments to both its ideological discourse and hegemonic practices - and also take complete responsibility for implementing the changes. While the actual nature of the transition will be explored in the next chapter, it is important to conclude this chapter by recognising one crucial aspect: in spite of the pressures and compulsions of economic reform, the CPIM never relinquished its monopolistic political control. The post-1990 political economic scenario of West Bengal therefore presents a contradictory picture of an economic and policy environment that strives to change on one hand, but on the other, suffers from the same degree and intensity of political control that characterised the previous years. The story of policy transition in West Bengal is a story of these contradictions.

### **PART III**

## Chapter 4

### **The Period of Transition: *Fiscal, Federal and Ideological Choices*<sup>72</sup>**

*“The pace and the qualitatively higher advances made by socialism in a relatively short span...led to a belief that such advances were irreversible. The Leninist warning that the vanquished bourgeoisie will hit back with a force hundred times stronger was not fully taken into account...the overestimation of the strength of socialism and the underestimation of the strength of capitalism did not permit an objective analysis and consequently the proper assessment of the emerging world situation.”*

(Sitaram Yechuri, 2006:8-9)

#### **4.1 Introduction**

The above statement was made by Sitaram Yechuri, a senior CPIM politburo member and one of the most prominent Left leaders in India. Such an admission of ‘underestimating capitalism’ - a self-critical notion that emerged in the CPIM by early 1990 - aptly encapsulates the fundamental theoretical modification that the party underwent in the years following the Soviet disintegration and the Chinese economic take-off. Expectedly, Yechuri went on to predict that eventually the forces would reverse, and the ‘future is socialism’. However, amidst this larger debate over theoretical misjudgements, what often goes unnoticed is how an admission about the shortfalls in its ideological discourse provided the CPIM with a succinct justification to bring in subtle, yet far-reaching changes in its operations. These changes coincided with the post-1990 compulsions of a transitional national economy, and, in the opinion of many staunch Leftists, indicate how praxis has come to dominate ideology in the party.

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<sup>72</sup> All population data in this chapter has been calculated as per census records.

The concept of the *political rationale* of the CPIM - made up of an ideological discourse and a modus operandi based around the creation of hegemonic structures - was developed in the previous chapter (and will be re-visited in Chapters 5 and 6). This rationale served the party extremely well, both in the realms of ideas and tactics, and in achieving a political, cultural, intellectual and even moral hegemony over Bengali society. It is therefore rather puzzling that the party decided to deviate significantly from its ideological discourse and undertake a policy transition in accordance with the central government initiated pro-market reforms during early 1990s, while in public remaining highly critical of the same. Over the last two decades, the political economic literature on West Bengal has, in essence, paid only lip-service to this conundrum, listing a set of economic constraints and federal compulsions as the primary explanation. However, as argued in this chapter, there was also a series of underlying political and ideological negotiations, accompanied by a gradual change in the mindset of top-level party members. The role of Jyoti Basu - Chief Minister of West Bengal (1977-2000) and arguably the most charismatic Left leader of the country - in bringing about such a change was also paramount, but often ignored. The objective of this chapter is therefore to focus on the *period of transition* (c.1991-2000) in the political economic history of West Bengal and highlight the complex and dynamic range of political negotiations underpinning it. This is not just a re-evaluation of an interesting chapter in the economic history of the state, but rather an effort to understand the political choices of the time, which continue to shape its development trajectory to the present day.

## **4.2 The Declining Industrial Economy of West Bengal**

In comparison with the attention devoted to the Left Front's performance in rural and agricultural sectors, relatively less has been written about its industrial initiatives. This is rather surprising, as industrial development would normally be seen to be of critical

importance to a Left government, representing the interests of the proletariat (Pederson, 2001). While providing a detailed historical account of industrial development in West Bengal is not the objective of this chapter<sup>73</sup>, a brief summary along with a review of the key themes of the Left Front's Statement on Industrial Policy (1978) is necessary to appreciate the magnitude of change during the *period of transition*.

#### **4.2.1 The Pre-Left Front Era**

Bengal was one of the most industrialised provinces in colonial India and, partially notwithstanding the blow of partition in 1947, West Bengal continued to prosper industrially until about 1965. Planned industrialisation commenced in India with the first five year plan in 1951, and between 1951 and 1965 the value of industrial output from West Bengal increased by 287% (BCCI, 1971:41). The state also maintained a leading position in employment generation in the organised sector (CSO, 1965). During the first two decades of post-Independence, it was only outperformed by Maharashtra in terms of licenses issued and value added (Report of Industrial Licensing Policy Inquiry Committee, 1969).

However, the industrial economy of West Bengal went into a drawn-out recession following the 1965-67 national harvest failures, which also affected the financial resources of the central government (already stretched due to the Indo-Pakistani war of 1965), thus pushing the entire nation into a temporary recession. Though by 1968 national industrial production was well on the road to recovery, registering a 6.4% growth rate in 1968 and 7.1% in 1969 (Dasgupta, 1998), West Bengal was one of the worst affected by the recession. Many engineering units that had flourished pre-1965 - Braithwaite & Co., Bridge & Roof, Burns & Co., Indian Standard Wagon, Jessop, Texmaco etc. – suffered a severe down-turn in business

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<sup>73</sup>See the EPW special edition (November 21, 1998) for a detailed discussion and analysis of industrial development in West Bengal since Independence.

and this created a cascading effect among their vast ancillary sectors. While employment in most Indian states had picked up by 1967, West Bengal continued to register a decline, and by 1970, it was the only Indian state with an aggregate employment level lower than in 1965 (ibid.).

The sharp decline in economic conditions resulted in acute labour agitation. Strikes, lock-outs and *gheraos*<sup>74</sup> became the order of the day, and the number of industrial disputes increased phenomenally (see Table 4.1). The industrial crisis was compounded further by the harvest failures that led to high prices of staple foods, triggering food riots and political agitation across the state. The tumultuous political climate resulted in the defeat of the incumbent Congress government in 1967 for the first time since Independence. The CPIM-led United Front governments of 1967 and 1969, however, did little to restore stability in the industrial sphere, as “workers aggressively tried to protect their interests especially as a coalition of pro-poor labour parties was in power in the state. The result was yet another round of industrial disputes which further accentuated the already fragile situation” (ibid.:3051). Repeated Presidential rule (in 1968 and 1970) was also unable to contain the spiralling labour unrest, and whatever private capital still in circulation in the state had started to be withdrawn and reinvested in other parts of the country. The recession of 1965-70 thus had a dual effect on the economy of West Bengal, not only scaring away new investments but also eroding the existing industrial base.

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<sup>74</sup> A form of agitation by suspending work and physically surrounding management personnel until the workers' demands are met or an agreement is reached.

Table 4.1: Industrial Disputes in West Bengal vis-à-vis India; 1967-70								
	1967		1968		1969		1970	
	West Bengal	India						
Stoppages	438	2815	417	2776	894	2627	806	2889
Workers involved (in lakhs)	1.6	14.9	2.6	16.7	6.7	18.3	4.5	18.3
Person-days lost (in lakhs)	50.2	171.5	67.2	172.4	93.8	190.5	94.2	205.6
Average population of West Bengal between 1961-1971: 39.6 million								
Average population of India between 1961-1971: 493.7 million								

Source: *Economic Review, GoWB, various issues; Indian Labour Year Book, GoI, various issues*

Table 4.2: Industrial Licences Issued to States; 1970-77											
	1970	1971	1972	1973	1974	1975	1976	1977	Total	Average population 1971-1981 (in millions)	
Maharashtra	112	162	131	171	265	255	143	150	1389	56.6	
Gujarat	39	66	57	75	89	97	83	60	566	30.4	
Tamil Nadu	36	51	36	63	99	141	61	32	519	44.8	
West Bengal	46	81	54	41	107	74	56	40	499	49.5	

Source: *Economic review, GoWB, various issues*

Emerging out of the chaotic 1960s, the decline was somewhat arrested in the 1970s, although industrial growth remained paltry in comparison to pre-1965 levels. Barring 1976, which saw a double digit growth rate (10.6%), growth between 1970 and 1977 was only around 4% (Desai, 1981:383; Shelly, 1978:187, Dasgupta, 1998). The total number of licenses issued in this period was a modest 499, well short of Maharashtra, Gujarat, and even Tamil Nadu (see Table 4.2). Moreover, as Dasgupta (1998:3051) points out, there was a shift in the type of licenses issued, “whereas in 1965, out of 63 licences issued to West Bengal, 47 were for new units or for substantial expansion, in 1973 for example, out of total licences issued, three were for new units and 11 for substantial expansion. That is investment intentions declined in

the state in the seventies. Actual investment in the state between January 1971 and December 1977 was paltry". West Bengal managed to retain the second spot for total employment in the manufacturing sector behind Maharashtra, but by 1978 its all-India share had fallen to an all time low of 15% (*ibid.*).

Various factors prompted this decline. Even before 1965, there were a number of disconcerting trends which had an adverse impact on the long-term industrial growth of the state. Firstly, higher employment vis-à-vis lower value addition indicated a lower level of productivity/efficiency when compared to states such as Maharashtra. In fact, in terms of value added per employee, by 1965 West Bengal had fallen behind not only Maharashtra, but also Karnataka, Gujarat and Tamil Nadu (*ibid.*). Secondly, the large-scale industrial sector in the state was seriously disadvantaged by two sets of central government policies: freight cost equalisation for coal and steel (introduced in 1956), and the overwhelming emphasis on import substitution which completely overlooked the problems faced by the jute industry, a highly labour-intensive sector (Bagchi, 1998; Chakravarty and Bose, 2009). The effects of the former were particularly severe. One of the greatest advantages the state had enjoyed was its proximity to major coal and steel belts in eastern India (and as a result, West Bengal was home to India's biggest heavy engineering sector), but the policy completely nullified this geographical advantage. It equalised the domestic freight rates for iron and steel across the country, thus eroding the cost preferences that engineering industries in West Bengal used to enjoy. This was particularly discriminatory for the eastern Indian states due to its unidirectional nature: other important industrial raw materials were not accorded equal treatment (e.g., the thriving textile industry in West Bengal was heavily dependent on cotton cultivated mainly in the western states, but the freight rates for cotton were never equalised). Successive state governments in West Bengal, irrespective of their political colour, accused

the central government of robbing “eastern India of its locational advantages without compensating policy measures to redress its locational disadvantage in other industries” (Dasgupta, 1998:3050). Thirdly, while all other major industrial states also recorded impressive agricultural growth rates, an almost stagnant agricultural sector in West Bengal<sup>75</sup> indicated a possible decline in demand for industrial outputs in the years to come. Finally, the reshaping of the political contours of the state in the form of a declining Congress and a rising Left opposition may have also played a role. In the two decades following Independence when West Bengal was under Congress rule, central government invested significantly in the state. Between 1947 and 1968, West Bengal accounted for 13.3% of the total public sector investment in the country. However, this declined rapidly once the first UF government came to power, and as Raychaudhuri and Chatterjee note, since the late 1960s, “political considerations rather than economic criteria seem to have guided the distribution of industrial licenses and allocation of public sector investments...” (1998:3061).

## **4.2.2 The Left Front Era**

### **4.2.2.1 The Statement on Industrial Policy, 1978**

The Left Front took office in 1977 when, due to the events noted above, West Bengal had slowly become synonymous with an industrial black hole. The licensing scheme had not helped the state either, as most of the private capital in circulation was controlled by outsiders (either foreigners or Indian entrepreneurs from other states) who had little interest in promoting West Bengal’s interests.

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<sup>75</sup> Between 1952 -53 and 1964-65, average agricultural growth rates (in percent per annum) in some of the major states were as follows: Gujarat: 4.55; Tamil Nadu: 4.17; Mysore: 3.54; Bihar: 2.97; Maharashtra: 2.93; Andhra Pradesh: 2.71; and West Bengal: 1.94 (Dasgupta, 1998:3053)

The Left Front published a Statement on Industrial Policy in 1978, the primary theme of which was to “encourage industrial growth based upon small enterprises and the public sector in an attempt to reduce the economic power of big business - Indian and foreign - with an ultimate aim of strengthening the working class through growing employment and a larger influence on the factory floor” (Pederson, 2001:649-50). The major goals of the Statement were (GoWB, 1978):

- (a) Reversal of the trend towards industrial stagnation;
- (b) Arresting the growth of unemployment and providing for increased employment in the industrial as well as agricultural sectors;
- (c) Encouraging the growth of small and cottage industries;
- (d) Lessening the stranglehold of the monopoly houses and multinational firms on the economy of the State;
- (e) Encouragement of indigenous technology and industrial self-reliance;
- (f) The gradual expansion of the public sector; and
- (g) Increasing the control of the workers over the industrial sector.

The Statement had a number of key features in tandem with the ideological orientation of the party. Firstly, it repeatedly expressed a militant attitude towards multinationals and big corporations. These were accused of “utilizing the profits realized from West Bengal's industries either for supporting the lavish style of living of the owners and top executives or for setting up industries elsewhere, or for remitting funds abroad...with delirious consequences for the state's economy”, and hence there was “no question of allowing new multinationals to come in” (ibid.: 103-105). Existing multinationals were allowed to continue

their operations, but under close governmental scrutiny and as long as their profits were reinvested in the state “along lines previously agreed to and vetted by the Industrial Advisory Council. In submitting schemes for plough back, these units must place maximum emphasis on the need to expand employment and utilise indigenous technology. Care must also be taken that they are not allowed entry into spheres where small and medium-scale units deserve to be nurtured” (ibid.)

Secondly, a revival of the once-flourishing industrial units of the state was not judged a priority. If the stress of the policy is on revival, it was argued, then “the monopoly houses and the multinational companies will be helped in further increasing their grip over the economy of this State. This would be wholly against the principles upheld by the Left Front... The Government should, as a matter of policy, scrutinize every industrial project with an eye to alternative uses for the funds to be spent” (ibid.:103-104). The focus instead was on maximising employment by (a) promoting small-scale labour intensive sectors such as handlooms, fisheries, cottage industries etc., forming co-operatives and extending financial subsidy as and when possible; and (b) relying on public undertakings. “Whether for encouraging indigenous technology or for offering stimulus to small-scale operations or for providing basic inputs to crucial sectors, it will be necessary to rely more and more upon the instrumentality of public undertakings. The public undertakings must ultimately become the channel through which the goals of production, investment, surplus generation and income distribution are achieved” (ibid.:105).

The third feature of the Statement was a strong emphasis on the government’s duty to attempt to influence central government policy. The Left Front lobbied hard for a “major modification in the allocation of powers between the Centre and the States in such matters as industrial licensing, the regulation of industries and arrangements concerning institutional

finance" (ibid. 107). It also pressed the centre to curb the activities of the monopoly industrial houses and multinational corporations and campaigned for this policy to be accepted as much at the national level as in the case of individual states.

The Statement was in accordance with the CPIM's ideological discourse. In an extensive three-part article published in 1978, N. K. Chandra attempted to justify this conviction and presented a blueprint for the industrial sector in West Bengal. The urban working classes and the poor peasantry (including landless agricultural labourers), Chandra wrote, are the main focus behind the revolution, while the landlord and the capitalists, domestic or foreign, "are the main enemy classes which have to be liquidated politically, economically and socially" (1978:part one:5). Following the conventional path of industrialisation through foreign capital and technology would thus be self-defeating for the larger political objectives of the party, as industrial development cannot be a goal in itself. Unless a united front of all classes was brought about under the leadership of the urban proletariat against the two enemy classes, no development strategy would be able to bring an end to the exploitative element of Indian society. However, Chandra argued further, the party did realise that given the drawn-out nature of the struggle for the PDF and the growing problem of unemployment, some means of combining class struggle with the struggle for production had to be established, so that at least some temporary relief could be provided to the people. That is what the government had to aim to achieve via its efforts in the industrial sector.

In a similar vein, the ideological discourse of the CPIM upheld the idea that neither production nor employment could advance to adequate levels, due to the semi-feudal nature of the national economy and the foreign hold over it. A policy of facilitating industrial growth and promotion would thus be self-defeating and only serve to strengthen the hand of the enemy classes. The only way forward would be to adopt an *alternative strategy*, one that

would focus on maximising employment via public undertakings and labour-intensive small/rural initiatives, and provide some temporary relief to the exploited classes. Such an approach could make a small beginning to raising the consciousness of the ‘toiling masses’ and possibly also attract new allies to the struggle.

The Statement of 1978 was therefore an extension of CPIM’s political line, with the idea of an alternative strategy, commonly referred as the *Left alternative*, providing both the motivation behind and the direction outlined in it. It was also duly noted that neither the party nor the Left Front:

“wish[es] to create the illusion that large scale poverty and underemployment prevailing in West Bengal can be removed only if the policies recommended...are faithfully implemented. Indeed, such policies cannot be fully implemented except after the People’s Democratic Revolution...However... if honest attempts along these lines are made both by the Left Front Government and by the left parties, it would raise the class consciousness of the toiling masses and create a feeling of purposive unity between them and all classes other than the big business and the landlords. And that would be salutary not only for West Bengal but also for the rest of the country” (ibid.: part three: 72).

#### **4.2.2.2 Industrial Growth in West Bengal: 1977-1991**

In spite of growth promises articulated in the *Left alternative*, developments in the industrial sector post-1978 did not present grounds for optimism. While it is undeniable that the agrarian reforms and significant decentralisation measures did improve rural income levels and increased the demand for non-agricultural goods (Chakravarty and Bose, 2009), the impact on the overall economy of the state was limited. Between 1980 and 1990, the growth in per-capita SDP (state domestic product) of West Bengal was extremely sluggish (see Table 4.3). In fact, West Bengal registered one of the lowest growth rates among the fourteen non-special category states in this period, occupying thirteenth position, only above Orissa (see Table 4.4).

The increased demand for non-agricultural goods was largely met by rural unorganised manufacturing units (Human Development Report, 2004), while organised and especially large-scale manufacturing units continued to deteriorate. In 1977, West Bengal accounted for 7% of the total registered factories in India, provided employment for 13.2% of the workforce and produced 10.5% of gross registered factory output. By 1990, these figures had declined to 5%, 9.1% and 6.1% respectively (see Table 4.5). This rate of decline is even more staggering in comparative terms. Between 1983 and 1990, among the nine top industrialised states in the country, only Bihar registered a sharper decline in its all-India share of factories than West Bengal, while in terms of total employment and gross factory output, the reduction in the latter's shares were the highest in the country (see Table 4.6). The public sector also suffered low profitability from 1979-80 onwards and negative profitability during 1983-84 to 1990-91 (barring 1987-88), whereas at the all-India level the scenario was entirely opposite. The average profit-output ratio in West Bengal vis-à-vis India from 1980 to 1990 was -0.98 and 3.61 respectively (calculated from Chattopadhyay, 2004). This period also saw a spectacular increase in the number of person-days lost, the highest in the country by a significant margin (see Table 4.7). In fact, public sector employment in West Bengal surpassed that of the private sector for the first time in the 1980s, as only the agencies of the state government continued to generate employment. (Pederson, 2001; see Table 4.8).

**Table 4.3: Per capita Net State Domestic Products at Factor Cost, 1980-1990**  
*1980-81 prices*

	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
Andhra Pradesh	1380	1569	1563	1593	1512	1573	1497	1663	1906	2013
Assam	1284	1402	1437	1470	1447	1510	1437	1468	1446	1517
Bihar	917	947	935	1003	1074	1074	1135	1050	1158	1116
Gujarat	1950	2084	2008	2343	2293	2186	2276	1986	2737	2644
Haryana	2370	2399	2487	2479	2513	2893	2825	2709	3289	3254
Karnataka	1520	1583	1586	1663	1750	1644	1764	1853	1978	2055
Kerala	1508	1469	1485	1406	1473	1507	1453	1482	1614	1705
Madhya Pradesh	1358	1360	1388	1427	1327	1409	1315	1459	1529	1523
Maharashtra	2435	2441	2480	2579	2558	2705	2666	2781	3000	3414
Orissa	1314	1290	1191	1407	1316	1442	1436	1365	1623	1699
Punjab	2674	2875	2906	2904	3073	3249	3302	3410	3526	3730
Rajasthan	1222	1285	1276	1525	1379	1338	1428	1295	1791	1716
Tamil Nadu	1498	1640	1527	1582	1758	1798	1755	1837	1987	2094
Uttar Pradesh	1278	1276	1344	1364	1354	1375	1402	1433	1584	1593
<b>West Bengal</b>	<b>1773</b>	<b>1689</b>	<b>1719</b>	<b>1883</b>	<b>1892</b>	<b>1929</b>	<b>1962</b>	<b>2022</b>	<b>2061</b>	<b>2086</b>

Source: *Handbook on the Statistics of Indian Economy, RBI (2007-08)*

#### 4.2.2.3 The Strategy of Partisan Confrontation

The industrial woes of West Bengal during the first fifteen years of the Left Front regime, however, both fed into, and were fuelled by, certain political overtones regarding relations between the central and state governments. The CPIM has always maintained that while the state structure in India is federal in name, most power and resources are concentrated in the hands of the central government. Therefore, on coming to power in 1977, the party prompted the Left Front to adopt a fifteen point memorandum seeking a readjustment of centre-state relations, particularly regarding certain legislative (e.g., misuse of Article 355 and 356 of the Constitution, appointment and role of Governors, central intrusion into the state list, etc.) and financial issues (e.g., inadequate central transfers, restrictions on market borrowings by the state, etc.).

**Table 4.4: Per Capita SDP Growth Rate: 1980-81 to 1990-91**

<b>Position</b>	<b>State</b>	<b>Growth Rate (%)</b>
1	Rajasthan	5.8
2	Tamil Nadu	5
3	Haryana	4.6
4	Maharashtra	4.3
5	Punjab	3.8
6	Gujarat	3.8
7	Karnataka	3.6
8	Uttar Pradesh	3
9	Andhra Pradesh	2.9
10	Madhya Pradesh	2.9
11	Bihar	2.9
12	Kerala	2.5
13	West Bengal	2.3
14	Orissa	1

Source: Sachs, Bajpai, and Ramiah, 2002

**Table 4.5: Structure of Industry in West Bengal: Percentage Share of Registered Sector: 1977 vis-à-vis 1983-90**

<b>Indicators</b>								
	<b>1977-78</b>	<b>1983-84</b>	<b>1984-85</b>	<b>1985-86</b>	<b>1986-87</b>	<b>1987-88</b>	<b>1988-89</b>	<b>1989-90</b>
No of Factories	7	5.8	5.5	5.5	5.3	5.2	5.2	5
Employment	<b>13.2</b>	11.4	11.7	10.8	10.3	9.4	9.9	9.1
Gross Output	<b>10.5</b>	8.1	8.1	7.9	7.4	7.2	6.7	6.1

Source: Annual Survey of Industries, various issues

These demands were not specific to the Left Front alone<sup>76</sup>. In fact, centre-state relations in India have been the subject of academic debate, political commentary and journalistic ink over the years, and the states' demands definitely have a certain amount of legitimacy (George and Gulati, 1985; Arulampalam, Dasgupta et al, 2009). However, as Sinha (2005)

<sup>76</sup> In a landmark conclave held in Srinagar in 1983, most of these demands were also upheld by a number of non-left political parties such as the DMK, TDP and Akali Dal.

points out, unlike other parties/state governments, the CPIM/Left Front successfully turned its anti-centre stance from a policy debate into an *ideological plank*, and as a result, its hostility towards the centre often spilled over into agitational politics. Sinha argues that while difficult anti-centre relations had preceded the Lefts in West Bengal, and was evident even during the periods of Congress rule (1947-67 and 1971-72)<sup>77</sup>, “the difference in terms of anti-centre relations between the Congress rule in West Bengal...and the Left Front rule (1977 onward) lay not in the ideological positions of the two parties...but rather in the political routes the parties used to oppose the centre” (ibid:101). The Congress government adopted a tough, but Constitutional route that can be termed *intra-party bargaining* to address the interests of the state in its dealings with the centre. In contrast, “what distinguishes the Left Front rule is not its ideological differences from the central government but rather the choice of a political strategy that stresses *inter-party zero sum confrontational bargaining*” (ibid.). The CPIM successfully converted its differences with the centre into an attitude of ideological hostility and political agitation - or what Sinha describes as a strategy of partisan confrontation - making it a vehicle of Bengali regional sentiment in the process.

The most notable impact of such an attitude was on the industrial sphere of the state. With no sign of revival in the stagnant industrial economy, the CPIM continued to further the argument that West Bengal was being discriminated against by the centre because of the ideological adherence of its rulers. The main accusations were: (1) discrimination in public-sector allocation and the granting of industrial licences, (2) deliberately robbing the state of its geographical advantage by the policy of freight-equalisation, (3) keeping the credit-deposit

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<sup>77</sup> Sinha (2005) discusses how West Bengal felt itself to be treated unfairly even when the Congress was at the helm of affairs both in the state and the centre. The state leaders often demanded special attention from the centre, citing the unique problems that had plagued West Bengal since Independence (the partition, refugee problem, etc.), but were turned down on many occasions, thus prompting the accusations. Kohli (2009) further observes that the “traditional ambivalence of the Bengali bhadrolok towards Gandhi manifested itself as a belief that Congress and Delhi did not have Bengal’s interest at heart, a belief that was reinforced by a sense of regional nationalism” (quoted in Chakravarty and Bose, 2009:7). However, the accusations and grievances were never allowed to turn hostile and spill over into agitational politics.

ratio of the nationalised commercial banks in the state unreasonably depressed, and (4) a biased attitude towards western states by financial institutions, as the majority were headquartered in Bombay and elsewhere in the western part of the country. As a result, West Bengal lost its natural advantage in attracting investment, capital fled the state to areas which benefited from freight equalisation and the licensing policy, and it suffered increasingly from the lack of new investments, growing industrial malaise and stagnation.

Another notable feature of the confrontational attitude and the argument of central-discrimination was that it was not confined to the higher echelons of the ministries concerned, but was backed up by the CPIM with strong political and institutional commitment. Sinha (*ibid.*) provides four key pieces of evidence portraying this:

1. The volume of press output issued by the party on the question of centre-state relations was considerable and served to ensure continuous attention to the question of central discrimination.
2. Almost every public statement of Left Front ministers on centre-state relations was published and widely circulated, the most notable example being a two volume publication of the Chief Minister's letters to the national industry minister and the Prime Minister. Some of the letters adopt an extremely critical and even threatening tone and embody the partisan confrontational strategy: “the purpose is not to achieve a solution to the problem but to be *seen* as agitating against the Congress Party and the centre” (*ibid*: 103).
3. A number of institutional and political agencies were established (or strengthened) by the Left Front, which played a key role in corroborating the state's position and offered it substantial political support. These included the Information and Cultural

Department of the GoWB, *Ganashakti* (a Bengali newspaper published by the CPIM) and the *People's Democracy* (a journal published by the CPIM). This support not only bolstered the government's position, but also signalled to investors and the central government alike that the Bengali political elite was interested, and involved in, a sustained and committed opposition to the centre.

- Finally, the Left Front also successfully moulded public opinion on the issue of central discrimination. No meeting, public statement or interview was complete without raising and citing a number of instances on the subject. As a result, "most literate and illiterate people, supporters and opponents of the regime, upper and lower castes, know about various instances of central discrimination" (ibid:104).

States	Factories		Employment		Gross Output		Average population (in millions)
	1983	1990	1983	1990	1983	1990	
Maharashtra	15	14.3	16.1	15	22.4	21.6	70.9
Gujarat	10.8	10.1	9.9	8.7	12.4	10.4	37.7
Tamil Nadu	12.3	12.8	10.4	11.5	9.9	10.4	52.2
Uttar Pradesh	7.8	9.1	9.3	9.8	7.5	9.6	118.6
Andhra Pradesh	12.2	14.8	9.3	10	6.1	5.9	60
Karnataka	5.8	5.3	5	5.1	4.4	4.4	41
Bihar	4	3.2	4.6	4.5	6.2	4.9	58.4
Madhya Pradesh	3.3	3.2	4.6	5.1	4.4	5.3	43.4
<b>West Bengal</b>	<b>5.8</b>	<b>5</b>	<b>11.4</b>	<b>9.1</b>	<b>8.1</b>	<b>6.1</b>	<b>61.4</b>

Source: Annual Survey of Industries, various years

**Table 4.7: Person-days Lost by States; 1979-89**

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Average population 1981-91 (in millions)
Maharashtra	2972	3515	1464	45279	17440	7491	2750	3436	4040	4629	2269	70.9
Tamil Nadu	8405	3707	3840	1999	2217	4142	2136	3591	3305	1984	1471	52.2
Kerala	3770	1250	497	2348	1575	2036	737	2327	2163	1666	699	27.3
Bihar	1711	1021	1476	1414	1809	1465	415	577	1908	490	184	58.4
Andhra Pradesh	664	553	531	2015	2747	2806	2036	7926	2609	1689	2518	60
Uttar Pradesh	1280	856	636	646	571	515	285	528	1435	1472	166	118.6
Karnataka	946	980	2422	403	582	954	935	233	767	1153	147	41
Madhya Pradesh	1200	830	1208	316	882	1535	654	861	255	417	284	43.4
Gujarat	544	1046	630	833	772	1143	583	1185	1645	294	215	37.7
Rajasthan	129	547	762	416	785	665	570	684	1002	492	216	39.2
<b>West Bengal</b>	<b>18076</b>	<b>6236</b>	<b>8028</b>	<b>16133</b>	<b>15191</b>	<b>20285</b>	<b>11085</b>	<b>8554</b>	<b>14600</b>	<b>18773</b>	<b>6252</b>	<b>61.4</b>

Source: *Indian Labour Year Book, GoI, 1980-1990.*

**Table 4.8: Sector-wise Distribution of Estimated Employment in West Bengal: 1983-90 (in millions)**

Year	Public Sector	Private Sector
1983	1.67	.99
1984	1.69	.94
1985	1.72	.94
1986	1.69	.93
1987	1.70	.93
1988	1.70	.90
1989	1.68	.89
1990	1.69	.89

Source: *Economic Review, GoWB, 1990-91*

The rhetoric of central discrimination has indeed become, as Sinha writes, folklore in the CPIM's political discourse. However, while the argument about centre-state relations is a fundamental and legitimate debate concerning the nature of Indian federal structure, the reorientation of this debate in the form of a confrontational strategy embedded in an ethos of distrust and suspicion towards the centre is difficult to validate (Chakravarty and Bose,

2009). Whether West Bengal was truly discriminated against or this attitude prevented its rulers from lobbying pragmatically to obtain licenses and industrial investment is a debate that continues to provoke varied responses, though at best anecdotal in nature<sup>78</sup>. The fact of the matter is that during the first decade and a half of the Left Front rule, there was a drastic decline in the number of new licenses for big businesses. Between 1983 and 1990, a mere 204 licences were issued to West Bengal (see Table 4.9 for a comparative breakdown). A further breakdown reveals that out of the 204 licences, only 72 were for new units and/or substantial expansion (see Table 4.10). It is undeniable, as Pederson writes, that “by the early 1990s - after more than 13 years of Left Front rule- it was evident that a sense of fatigue had set in” (2001:656).

### **4.3 The New Economic Policy (NEP) and Policy Transition in West Bengal**

#### **4.3.1 The Left Front’s Initial Reaction to the NEP**

The NEP (discussed in Chapter 1) adopted by the Narasimha Rao-led Congress government in 1991 was a complete antithesis to the Left ideology, and evoked strong reactions from all the Left parties. The CPIM, owing to its size and significant presence in parliament, was the most vocal of all. Not only did it criticise the NEP, but it accused the pro-market policies of the preceding Rajiv Gandhi regime (import liberalisation, concessions to foreign capital, etc.) of having brought the balance of payments crisis upon the country - thereby intensifying the imperialist pressures - in their attempt to dominate the nation even further. To all the Left parties, the NEP was less of a policy mechanism, and more of a symbol of the central government offering a meek surrender to the IMF-led imperialist forces.

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<sup>78</sup> The two flagship instances that the CPIM puts forward to justify its claims of discrimination are the Haldia Petrochemicals Project and the *Bakreshwar* Thermal Power Project, both of which were much delayed due to the centre refusing to grant necessary permissions and finances.

The CPIM mounted a well-constructed critique of the NEP, both inside and outside parliament, from the streets of Delhi to every public meeting in the towns and villages of West Bengal. The allegations were manifold, ranging from a moral betrayal of the socialist dream (which not only the Lefts but also the Nehruvian principles stood for) to emotional outbursts accusing the Congress of selling out the nation to foreigners. However, the main areas of criticism, which were succinctly summarised in the 14<sup>th</sup> Congress of the CPIM held in Madras in 1992 were as follows:

First, the IMF loans, along with the associated conditionalities, would lead India into a debt trap and undermine national economic sovereignty. By 1991-92, India already had an external debt of over Rs. 1.8 *lakh crores* and an internal debt of around Rs. 2.4 *lakh crores*. Annual debt servicing stood at 31% of the country's net export earnings. Seeking further loans from the IMF under its structural adjustment facility would therefore not only push the country into a spiralling debt trap, but also lead to the humiliation of direct regulation and supervision of the Indian economy by the IMF.

Second, the NEP provided for automatic clearance of 51% of foreign equity in 34 different industries, and also opened up all but 18 industries to negotiations with foreign private capital. But the inflow of high proportions of foreign investments would primarily be in the elite consumption goods sector, thereby distorting the direction of the economy even further. Moreover, technology imports would not be geared to meet the primary needs of the nation but the requirements of the multinational investments in pursuit of quick profits.

**Table 4.9: Industrial Licences Issued to Different States in India; 1977-91**

States	Years									Average population (in millions)
	1977	1980	1983	1985	1986	1987	1988	1989	1991	
Andhra Pradesh	27	42	63	70	40	38	29	37	12	60
Assam	-	5	-	12	5	3	0	3	-	20.2
Bihar	16	4	9	20	9	9	3	5	5	58.4
Gujarat	60	85	115	69	86	49	34	49	34	37.7
Punjab and Haryana	46	38	228	118	73	44	39	29	21	33.2
Karnataka	-	40	-	69	42	45	30	39	-	41
Kerala	-	11	-	24	13	7	5	7	-	27.3
Madhya Pradesh	-	18	-	39	34	18	16	25	-	43.4
Maharashtra	150	107	171	134	96	86	84	72	54	70.9
Orissa	2	8	14	25	12	8	2	4	6	29.1
Rajasthan	-	15	14	38	19	16	8	12	-	39.2
Tamil Nadu	32	37	76	177	61	41	32	44	28	52.2
Uttar Pradesh	-	30	-	79	69	40	30	51	-	118.6
West Bengal	40	23	71	51	21	25	22	14	3	61.4

Source: *Economic Review, GoWB, various issues*

**Table 4.10: Classification of Licences Issued to West Bengal; 1978-90**

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Licenses for new units	4	6	5	6	7	7	5	4	2	5	10	5	2
Licences for substantial expansion of existing units	3	4	4	6	4	4	8	5	4	3	5	0	3

Source: *Economic Review, GoWB, 1990-91*

Third, with the weakening in the resistance of the Congress government, there would be an increasing risk of foreign multinationals penetrating sensitive economic areas such as banking and insurance, and the GATT (General Agreement on Tariffs and Trade) negotiations would be used to pressurise India to accede to these demands.

Fourth, the NEP would prove to be a bonanza for the big bourgeoisie and discriminate against the small and medium sectors. The virtual dismantling of the MRTP (Monopolies and Restrictive Trade Practices) Act and de-licensing, geared to meet the monopolists' demand for greater scope for investment of the surplus capital, would harm the small-scale sectors by allowing the monopolists to enter reserved areas. Dismantling the public sector would also mean an end to the idea of self-reliance on the basis of indigenous research and development, endangering the economic sovereignty of the nation. There was also a possibility that indiscriminate liberalisation of imports of capital, technology and commodities would generate conflicts between western monopoly capital and the Indian big bourgeoisie.

Fifth, the privatisation drive was anti-worker and would trigger unemployment by the import of capital-intensive technologies. The exit policy fashioned under the guidance of the IMF and World Bank would also spell the end for the 2.4 *lakh* 'sick' units (businesses running in perpetual loss) in the country, which could not be revived by making *lakhs* of workers unemployed.

And finally, the fiscal and budgetary policies of the government were a naked attempt to pass the debt crisis onto the people. The new indirect taxes which were being created along with the burgeoning budget deficit, devaluation of the rupee and administered price hikes would together create inflationary pressures on the economy.

Early signs were already visible with the annual inflation rate of wholesale prices in 1991 standing at nearly 50% more than that in 1990.

The CPIM central committee, the politburo, and various mass organisations of the party came out in protest repeatedly over the next few years. The first major nationwide action took place on 29<sup>th</sup> November 1991 through a general strike called by the Sponsoring Committee of Trade Unions. From 15<sup>th</sup> February 1992 onwards, a range of localised protest marches were organised, culminating on 4<sup>th</sup> March with state-wide rallies and a mass-protest led by CPIM MPs and MLAs in Delhi. On 16<sup>th</sup> June, another nation-wide general strike was called, followed by a massive trade union members' rally in Delhi on 25<sup>th</sup> November. In April 1993, a National Platform of Mass Organisations was formed for the first time, which organised a *jail-bharo* (court voluntary arrest) movement in August, followed by another all-India general strike on 9<sup>th</sup> September. In 1994, a two stage programme was outlined by the CPIM and other Left parties which led to a number of protest marches in different parts of the country throughout February and March, followed by massive state-wide rallies on a charter of demands against the NEP. Notable among these were the rallies organised jointly by the CPIM and CPI at Vijayawada (Andhra Pradesh) and Thanjavur (Tamil Nadu). This two month long campaign culminated in the 5<sup>th</sup> April rally in Delhi which saw a militant demonstration after the police stopped the march on its way to parliament. The second stage of the programme in 1994 began with a call for a mass civil disobedience campaign between 16<sup>th</sup> August and 9<sup>th</sup> September, the target being 10 *lakh* volunteers for court arrest. This saw the biggest mobilisation conducted by the Left parties with the participation of 12.5 *lakh* volunteers in the court arrest programme and another 50 *lakh* in mass sit-ins organised in West Bengal. This was followed by a *rail-roko* (stop the rail) movement on 20<sup>th</sup> September and another general strike on 29<sup>th</sup> September. Mass agitation reached its peak during 1995-

96. On 15<sup>th</sup> December 1995, protest rallies took place countrywide, culminating in Delhi in front of the parliament. The one in West Bengal was the largest, jointly organised by 56 different mass organisations. A similar, albeit smaller, event took place in Delhi only three days later. The CPIM Calcutta District Committee organised a number of meetings and protest marches during the December-January period at the Brigade Parade Ground in Calcutta. On 23<sup>rd</sup> February 1996 another nationwide industrial strike was called to oppose the labour-interest curbing economic policies and the enactment of the Employees' Pension Scheme. In addition to these campaigns, the 1991-96 period also saw a significant increase in CPIM publications which discussed a variety of issues related to the NEP - the GATT treaty, dismantling the public sector, financial sector reforms, disinvestment of public sector unit shares, opening up telecom, power and other infrastructure sectors to private capital, etc.

Agitations and demonstrations aside, the CPIM also suggested an alternative path to what it saw as the IMF dictated, pro-imperialist, pro-monopoly and pro-landlord policies. This 'alternative policy', based on the idea of the *Left alternative*, was first fashioned in a convention organised by the Left parties in defence of economic sovereignty, and published by the Left Front in July 1991. Its main suggestions were:

1. Land reforms hailed as the basic solution to the agrarian crisis, for the emancipation of the mass of the peasantry, and to abolish the poverty which afflicted the rural population in the country. Land reforms, along with rural employment guarantee schemes were prescribed as the basic steps to expand the home market.
2. Fiscal deficit to be brought down through increased and direct taxation and reduction in government expenditure. Suggestions included plugging loopholes in tax laws, retrieving black money in circulation and introducing punitive measures, and

imposing wealth taxes on monopoly houses that had built up large assets. The adoption of these measures, it was argued, would not only reduce the revenue and fiscal deficits but also reverse the trend of relying on indirect taxes and administered price hikes to raise revenues at the expense of the common people.

3. Public industries to continue to be given prominence as a strategic sector of the economy. Inefficient and bureaucratic management to be eliminated and replaced by workers' participation in management.
4. The policy of indiscriminate imports of capital goods and technology for luxury goods production to end. Import of foreign technology to be confined to sectors vital for the development of the economy only, with the main emphasis on developing self-reliance and indigenous research and development.
5. Measures to be taken to provide relief to the poor in times of economic difficulty, such as expanding the public distribution sector and schemes for employment generation and poverty alleviation. Expansion of primary education, literacy, health care, etc. In order to implement these measures effectively, greater decentralisation of power from the centre to the states and below to the *panchayat* level was required.

#### **4.3.2 The Policy Statement on Industrial Development (1994) and Subsequent Institutional Changes**

While the CPIM continued to denounce the NEP in public at every opportunity, signs of change within the Left Front itself had gradually started to surface. As Pederson (2001:658) writes:

a few months before the 1993 strike, the Left Front government had indirectly acknowledged in its *Economic Review* for the year 1992-93 that the freeing of the industrial sector from the compulsion to seek central government licenses had resulted in an increase in investment proposals in the state. To take advantage of the new situation, the West Bengal authorities stepped up their efforts to attract new investments. In April 1993, they launched a new incentive scheme for investment projects. Moreover, the government streamlined procedures for handling applications for financial support for new investment projects by the government's industrial development corporation.

However, the watershed moment of this story came in September 1994, when the government published a renewed *Policy Statement on Industrial Development* which contained the first significant deviation (in favour of the private sector and foreign investment) from the rhetoric of the 1978 Statement. It read:

“The State Government welcomes foreign technology and investments, as may be appropriate, or mutually advantageous...[I]t recognises the importance and key role of the Private Sector in providing accelerated growth...the State Government would also welcome private sector investment in power generation...While continuing to advocate a change in some important aspects of this New Economic Policy, we must take the fullest advantage of the withdrawal of the freight equalization policy on steel and the delicensing in respect of many other industries” (GoWB, 1994:7-8).

While the opening pages of the Statement re-emphasised the discrimination-by-centre and self-reliance arguments, the later sections were a marked departure from the 1978 Policy Statement in both content and tone. Consider the following points with respect to the features of the 1978 Statement discussed earlier:

1. The sceptical and almost militant attitude towards multinationals was completely reversed, and the state was promoted as an attractive destination for private capital, both domestic and foreign. “Apart from the presence of large Indian Industrial Houses functioning in the State, a number of Multi-national Corporations (MNCs) have long been successfully operating in the State...Philips, GEC, Hindustan Lever, ICI,

Siemens, Bata, etc. A welcome development is that a good number of Non-Resident Indians (NRIs), MNCs directly or through foreign Governments and Indian Industrial Houses have, in the recent past, shown special interest in coming to West Bengal" (ibid.:7). The Statement also declared that private and joint sectors, along with public sectors, would be treated as effective instruments for mobilising necessary resources and expertise in important areas of economic activity such as power generation, communication, roads and other infrastructure.

2. Based upon available opportunities and geographic advantages, certain industry segments were declared as 'thrust areas' for special attention. These were: petrochemical industries, electronics and IT, engineering, iron and steel and other mine-based industries, textiles and leather industries, food processing, pharmaceuticals, gems and jewellery and tourism.
3. Contrary to the earlier claims that a revival of sick industries would strengthen the grip of the monopolists, the government now promised that all such units in the private sector would be "reopened and rehabilitated appropriately at the earliest either through existing management or through induction of new promoters" (ibid.:14). For sick public sector undertakings, it promised to continue to pressurise the central government to formulate appropriate strategies ensuring healthy revival and rehabilitation.
4. Finally, along with the promises and thrust areas, a number of policy instruments were introduced to expedite the process of industrial development. As mentioned

previously, some of these were already in place by 1993<sup>79</sup>, indicating early signs of the change in government attitude. The rest of the instruments included (a) a proposal to strengthen the WBIDC (West Bengal Industrial Development Corporation) by upgrading its single window service, the *Silpabandhu* (friend of investors), in order to provide support and eliminate unnecessary delays to project proposals; (b) constituting an Empowered Committee under the chairmanship of the Chief Secretary of the state government to arrange for time-bound decisions and clearances; and (c) setting up various committees under the District Magistrate with the Superintendent of Police, Assistant Labour Commissioner, General Manager of the District Industries Centre, etc. at district levels to ensure fast decisions regarding land, employment and other related matters.

The 1994 Statement is the cornerstone upon which the subsequent industrialisation drive in West Bengal was based. The Left Front, to its credit, also initiated a number of politically risky shifts following its announcement, such as allowing the private sector to enter the infrastructure, health, and even education sectors. The most important institutional change was reorganising the WBIDC and the appointment of Mr. Somenath Chatterjee<sup>80</sup> as its Chairman. Chatterjee, despite being a senior CPIM member and a highly respected Left leader of the country, was never a part of the core group of ideologues in the party and had a relatively liberal image<sup>81</sup>. In keeping with this, he was given a “free hand to evolve new policies for the state’s industrial development” (Sinha, 2004:81). Chatterjee recognised the persisting credibility problem as a fundamental impediment to improving the industrial

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<sup>79</sup> An Incentive Scheme for new as well as expansion of existing units, with a High Powered Committee looking into individual cases; tax concessions announced in the 1993-94 state budget; streamlined and simplified sales tax laws and procedures, etc.

<sup>80</sup> He later went on to become the parliamentary Speaker, but was eventually evicted from the party in 2010.

<sup>81</sup> While interviewing industrialists who have been associated with West Bengal over the last few decades, many often jokingly referred to Mr. Chatterjee as the only state level leader besides Jyoti Basu who could hold a conversation in English properly.

prospects of West Bengal, and made a conscious effort to move away from the usual rhetoric of central discrimination.

The most serious problem is one of image- an image that nothing happens in West Bengal, nobody works here, there's no power, no water, and the government is run by the Mafia, the industrial sector is full of all sorts of irresponsible people. That's an image that has been very assiduously created [by the press and the Centre]...There was deliberate action on part of the Centre to deny licences, persuade people to move from here...But I say, forget the past, except to learn from the past<sup>82</sup>.

Chatterjee, along with Jyoti Basu, intensified the promotion of West Bengal as an attractive investment destination through a number of foreign tours and visits. He also made a conscious effort to court the press. In spite of the party having long dismissed mainstream media as 'bourgeois', post-1994 the government attempted to signal its commitment to the reform agenda by drastically increasing the volume of interviews and press statements given. In most of his interviews, Chatterjee argued explicitly that addressing the credibility problem would require the government to undertake 'large' and 'stronger' reforms (Sinha, *ibid.*): "...unfortunately there is still the feeling among a section of the industry: Why should we go to a communist-led state? This should prompt us to be more aggressive in projecting West Bengal. We must attract private capital. I don't see any alternative"<sup>83</sup>.

The government also tried to change the discursive frames through which most people viewed its economic programmes by limiting the power of the trade unions (particularly CITU) and promoting an environment conducive to investment. It was repeatedly stressed that while "*just* demands would be met, the question of work discipline and work culture was a much larger and more important issue. Jyoti Basu went as far as to threaten the unions with 'stern action' if they did not maintain harmonious labour-business relations" (*ibid.*:85).

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<sup>82</sup> Interview, *Business World*, 22<sup>nd</sup> June 1997, p.94. Quoted in Sinha (2004:83)

<sup>83</sup> Quoted in Sinha (*ibid.*)

The post-1994 industrial environment in the state also marked a clear increase in interaction between the government and various sections of the business community, particularly evident in the support provided by the local chambers of commerce. Two important initiatives were taken during this period: the state planning board was reorganised with a private sector representative, and a Government-Industry Coordination Committee was formed to look after the implementation of individual projects. This was also the period when international consulting firms were brought in for the first time to review and advise on the state's industrial prospects. The first was the Arthur D. Little report commissioned by the Confederation of Indian Industry (CII) in 1995, followed shortly by the CII and WBIDC jointly commissioning Price Waterhouse to help in promoting the state as an attractive investment destination. Both reports made similar suggestions, the former recommending an "industrial development compact" between government, industry and labor..." and criticising the "lack of strong partnerships and growth attitudes among business, labor and government...the single most important historical factor behind the state's loss of its industrial performance" (Arthur D. Little Inc, 1995:1-2; quoted in Pederson, 2000:659), and the latter pointing out some of same key thrust areas with strong growth potential. The CII also successfully organised two consecutive Partnership Summits in 1997, both attracting a significant number of investors. Both before and during these events, the government, possibly for the first time, worked in close cooperation with the CII (Sinha, 2004:85). The CII President during 1996-97 was also a Bengali, Shekhar Datta, who, as pointed out by various members of the CII and the press, may have played a crucial role in both promoting West Bengal and smoothing things out with the government<sup>84</sup>.

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<sup>84</sup> Source: Interviews with two CII senior officials (anonymity requested); 30<sup>th</sup> June 2009, Calcutta

In retrospect, the 1994 Statement marks the first moment of transition not only in the Left Front's policy approach, but also in the political economic history of West Bengal during its three decade long Left rule. For the first time, an attempt was being made to *de-link government from politics*, albeit rhetorically. The 1978 Statement was essentially an effort to link the struggle for production with the ongoing class struggle of the Left parties in order to provide some temporary relief to the poor. The 1994 Statement was, on the contrary, by and large apolitical. The focus was on income and employment generation via industrial revival and growth, and in the entire Statement, not once were the words 'revolution' or 'class struggle' used. However, the magnitude of this change went unnoticed at the time, and it was not until over five years later, that CPIM ideologues in West Bengal took upon themselves the task of providing a theoretical justification of the same<sup>85</sup>.

It is here that the puzzle lies. Why was such a de-linkage necessary? The Left Front had been performing satisfactorily as far as its political agenda was concerned. The Left parties, especially the CPIM, had entrenched themselves politically, organisationally and socially throughout the state and were riding high on electoral performance at the state, municipal and *panchayat* levels. Rural West Bengal, by the late 1980s, also demonstrated modest levels of economic affluence and social/communal peace owing to the pro-poor policies of the government. Why would the Left Front not sustain its political line based on its achievements so far, rather than falling into line with the central government recommended policy measures - which all the Left parties continued to oppose in the public sphere even after 1994?

Contemporary Left literature fails to provide an answer. In fact, as the following section elaborates, the industrial policy statement was formulated by Jyoti Basu with the aid of a close circle of bureaucrats, keeping the party entirely in dark. Hardly anyone in the CPIM, let

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<sup>85</sup> See Chapter 5.

alone other Left parties, realised the magnitude of change being initiated. The issue was discussed in the 15<sup>th</sup> Party Congress in 1995, but even then the focus was on watering down the scale of change rather than acknowledging the shift in the party's discourse. Soon after the 1994 Statement was passed by the West Bengal Legislative Assembly, the CPIM politburo prepared a document explaining the role of the Left Front in the context of the NEP. The central committee examined this document in December 1994 and tabled it in the 15<sup>th</sup> Congress. This CC statement re-emphasised the discriminatory attitude of the central government via policies such as freight equalisation and the partisan use of licensing, and went on to point out that while the state had made significant progress in agricultural production and expanding the rural market, the discrimination had led to industrial stagnation and large-scale job losses. It was thus essential for West Bengal to undertake rapid industrialisation, but this had to take place in the context of the NEP. In such a situation:

it has become necessary to adjust the industrial policy in the state...[But] doing so does not mean giving up or compromising on our basic strategic goals...This can be done to an extent within the confines of the existing policies of the Centre while the strong base of the Left and democratic forces in West Bengal will be mobilised to strengthen the all India struggle against the economic policies of the Centre. It is in this perspective that the Left Front government should implement its industrial policy...while at the same time firmly defending the legitimate rights of the workers and consulting the trade unions in all matters affecting the workers interest (15<sup>th</sup> Party Congress of the CPIM, 1995:100).

The CC document also pointed out:

...[w]hile implementing policies for industrial expansion and inviting private capital both Indian and foreign into West Bengal, care should be taken to see that our government...do not subscribe to any policy statement which justify the liberalisation policies and the economic reforms set out by the government...The Left Front government's policies should be in defence of the public sector in core areas, retaining the state intervention in the infrastructure development and in social infrastructure...In every forum where official policies are debated, the Left Front government must clearly set out alternative policies possible in the present situation and in the long term and this should be the basis for our Party's propaganda and mobilisation among the masses...It is by keeping this basic perspective in mind that

we should judge current policies, review them from time to time and make adjustments (ibid: 100-101).

The document concluded by saying that the Left Front government would continue to play a leading role in the nationwide resistance to liberalisation and privatisation.

This is a rather superficial argument, mainly on three counts. Firstly, the 1994 Statement itself mentioned nothing about setting alternative policies. While the CC statement is essentially a political one and might not be expected to cover administrative details, neither the government nor the CPIM delivered any subsequent plan detailing how such alternative policies would be set. Secondly, promoting state intervention as a political priority would discourage private capital from coming to West Bengal which, even the CC admitted, was a necessity. Finally, it is not clear how the Left Front could canvas for private capital while at the same time leading a nationwide anti-liberalisation movement, thus running a high risk of creating doubt among potential investors about the government's true intentions<sup>86</sup>. This CC statement is possibly the only formal explanation of the policy transition that the CPIM provided during the 1990s, but rather than focusing on the de-linkage question, it attempted to recreate the political sanctity of a pro-labour alternative economic model, and labelled the shift in policy as necessary 'adjustments' rather than a fundamental transition.

The puzzle however, remains unanswered. For analytical clarity, let us rephrase it as two distinct questions: why were the policy changes, irrespective of whether one labels them as adjustments or transition, necessary? And more importantly, why was an attempt made to de-link government from politics, contrary to the Left parties' declared ideological discourse and

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<sup>86</sup> In fact, precisely this half-hearted attitude was a major factor behind a rather stunted industrial growth in West Bengal in the years to come. See next chapter for details.

the 17 year old history of the Left Front? The rest of the chapter focuses on these two questions.

#### **4.4 Explaining the Transition: *Fiscal and Federal Compulsions***

If one looks beyond the political overtones of the period, certain basic facts about the fiscal condition of West Bengal stand out. The coffers of the Left Front had deflated alarmingly between 1980 and 1990, so much so that by early 1990, the fiscal standing of the state was one of the worst in the country. Table 4.11 provides a comparative analysis of the cumulative fiscal indicators of the ten states with maximum revenue deficits in this period. West Bengal tops the chart with a total deficit of Rs. 1765 *crores*, while Uttar Pradesh is a distant second with a total deficit of Rs. 911 *crores*. The state also performs dismally in terms of revenue collection. Between 1980 and 1990, the own revenue receipt of the government (own tax and non tax revenues plus interest payments) stood at 60% of its total revenue receipt - significantly less than most other states. Given the level of deficit, the government had to borrow substantially to make ends meet, and its total outstanding liability was the third highest in the country. In terms of debt-income ratio, West Bengal was one of the most debt stressed states in the country. The government itself admitted to the extreme constraints on its financial resources in the economic review of 1990-91: “the total loan repayment liability of a state government has become so large that it often exceeds the Central Plan Assistance for a particular year. In 1989-90, for instance, for West Bengal’s Annual Plan of Rs. 1115 *crores*, Central Plan Assistance was Rs. 325 *crores*, whereas the loan repayment to the Centre was around Rs. 656 *crores*. It appears that the state has been caught in an ‘internal debt trap’ in relation to the Centre” (Economic Review of GoWB, 1990-91:94).

This debt-trap, on top of the increasing revenue-deficit, left the government with barely any room to manoeuvre its resources for developmental expenditure. In fact, the total capital expenditure in West Bengal between 1980 and 1990 was a paltry 28% of its total revenue expenditure, slightly higher than Andhra Pradesh (25%), but less than all the other revenue-deficit states.

It should also be noted that these figures show that, despite the Left Front's discrimination rhetoric of reduced central assistance, almost 40% of West Bengal's total revenue receipt between 1980 and 1990 came from the centre, and was the second highest in the country.

While most of the observations above about the fiscal condition of the state can be corroborated by the government published annual economic reviews, the CPIM rarely admits the same in public. The standard refutations put forward by the party point to the successful land reforms, improved agricultural productivity, and *panchayati-raj* institutions, and blame the central government for all the industrial and economic afflictions of the state. The justification provided by the CPIM behind the policy transition stops at merely admitting that some elements of the NEP had created certain opportunities which should be taken advantage of, without acknowledging the alternative of continuing economic decline.

Given its financial straits, the government had little choice but to court private investments in order to inject much needed momentum into the state economy. While the CPIM chose to continue with its rhetoric of a 'self-reliant alternative' in public, the pro-market reforms introduced by the central government had, in effect, provided the Left Front with a way out of fiscal bankruptcy. Mukherjee (2007) describes the reforms as a "godsend for the CPM to get out of the impasse it had landed itself in trying to attract capital and half-heartedly implement the Nehruvian development plan" (2007:3).

Beyond the fiscal crisis, there was a larger arc of federal compulsions and political salesmanship that also played a critical role in the process, especially between 1991-1994 (i.e. between the time the reforms were introduced by the central government and the Policy Statement formulated by the Left Front). The arguments stem from the dual conceptual categories of inter-jurisdictional competition (Sáez, 2002) and provincial Darwinism (Jenkins, 1999) (see Chapter 1), summarised below.

The most overt influence of the NEP was on national industrial policy. Abolition of the licensing era triggered intense competition among the different state governments to attract private investment<sup>87</sup>, resulting in “a proliferation of tax-incentive schemes and promises of speedy administrative procedures, expedited land acquisition for new industrial projects, and efforts to maintain a ‘conducive’ industrial-relations climate” (ibid: 134). The long-lasting implication of this change is what Sáez calls an institutional shift towards inter-jurisdictional competition among the states.

Jenkins, in a similar vein, labels this as the partial displacement of centre-state conflict by inter-state competition. What is crucial though, is to identify the political skills employed by the central government to bring about this shift.

The key issue here is that the central government was able to pass on many of the difficult tasks arising from structural adjustments to the state governments by making them the main point of contact for entrepreneurs, thus holding them largely responsible for their own economic performance. Thus state governments across India entered an inter-jurisdictional competition, fighting for private investments, as public funding for large capital intensive projects waned under the new policy regime. Coupled with this was the effect of *provincial*

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<sup>87</sup> As Jenkins writes, state governments had become akin to agents to whom industrialists now needed to go for environmental and labour clearances, basic infrastructural facilities, permits, etc.

*“Darwinism, as the central government “pitt[ed] states against one another, starving states of resources, and providing new opportunities for patronage and profiteering at the state level”* (ibid:179).

**Table 4.11: Fiscal Indicators of 10 States with Maximum Revenue Deficit: 1980-90<sup>88</sup>**

<b>Indicators</b>	<b>States</b>									
	<b>WB</b>	<b>UP</b>	<b>KRL</b>	<b>RTN</b>	<b>MH</b>	<b>GJRT</b>	<b>PN</b>	<b>TN</b>	<b>AP</b>	<b>KNTK</b>
<b>Revenue Deficit</b> (in Rs. Crore)	1765	911	812	544	522	403	363	363	305	108
<b>Total Revenue Receipt</b> (in Rs. Crore)	21603	38172	12765	15505	42742	20575	11140	24941	26680	19786
<b>Own Revenue Receipt</b> (in Rs. Crore)	12995	20557	8781	9647	36441	17713	9298	17684	20063	15795
<b>Net Devolution and Transfer of Resources from Centre</b> (in Rs. Crore)	9935	22497	4446	7513	12169	6998	5730	8852	9825	6249
<b>Central Transfer as % of Total Revenue Receipt</b>	39.85 %	46.15 %	31.21 %	37.78 %	14.74 %	13.91 %	16.54 %	29.10 %	24.80 %	20.17 %
<b>Total Outstanding Liability</b> (in Rs. Crore)	41448	69931	20767	31495	49115	28303	25553	26493	34008	23670
<b>Total Outstanding Liability as % of Total Revenue Receipt</b>	191.86 %	183.20 %	162.69 %	203.13 %	114.91 %	137.56 %	229.38 %	106.22 %	127.47 %	119.63 %
<b>Total Outstanding Liability as % of Own Revenue Receipt</b>	318.95 %	340.18 %	236.50 %	326.47 %	134.78 %	159.79 %	274.82 %	149.81 %	169.51 %	149.86 %
<b>Total Capital Expenditure</b> (in Rs. Crore)	6597	15495	4045	6313	12244	7875	6561	7778	6863	6755
<b>Total capital expenditure as % of Total Revenue Expenditure</b>	28.23 %	39.65 %	29.79 %	39.33 %	28.30 %	37.54 %	57.04 %	30.74 %	25.43 %	33.96 %

*Calculated from the Handbook of Statistics on the State Government Finances, RBI:2010*

State abbreviation key: WB =West Bengal, UP= Uttar Pradesh, KRL= Kerala, RTN= Rajasthan; MH= Maharashtra, GJRT= Gujarat, PN = Punjab, TN= Tamil Nadu, AP= Andhra Pradesh, KNTK= Karnataka.

<sup>88</sup> For population figures see Table 4.9

For states like West Bengal which were initially not supportive of the liberalised policy regime, this implied a lone fight against central government directives<sup>89</sup>. The Left Front's opposition was further undermined by some non Congress state governments implementing the reforms<sup>90</sup>. Despite their initial anti-NEP stance, eventually the Left Front leaders realised its unsustainability and joined in the race for investment, thus undermining the anti-reform stance of the Left MPs in parliament. As Jenkins writes, “to the extent that discrepancies between national rhetoric and state-level reality undermine this [nationalist anti-reform rhetoric], it is a blow to opposition efforts to reverse the direction of government policy” (ibid.:144). With the new industrial policy of 1994, West Bengal was seen to have finally joined the reform brigade. An article in the Economic Times observed, “Economic reforms are no more an object of contention among political parties. This is evident from their manifestos and speeches of various leaders, and more so from the recent industrial policy statement of the left-ruled West Bengal which is virtually an endorsement of the Centre’s policy” (Singh, 1994)<sup>91</sup>.

#### **4.5 Beyond the Transition: *Ideological Negotiations and Political Salesmanship***

The dual set of fiscal-federal compulsions goes a long way to explaining the policy transition in West Bengal. However, there remains a third angle to the story, one that is integral to the CPIM’s ideology and culture, but rarely acknowledged in mainstream discourses. It includes the debates that started to surface over certain elements of the ideological discourse of the

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<sup>89</sup> With most states already engaged in competition to attract private investment, few shared the Left Front’s ideological commitment to an agriculture/SME led economic strategy.

<sup>90</sup> For example: the then Shiv Sena government of Maharashtra led by Manohar Joshi, and (though slightly later) the Telugu Desam Chief government of Andhra Pradesh under Chandrababu Naidu.

<sup>91</sup> *Economic Times*, 22<sup>nd</sup> November 1994.

party, the associated changes in mindset and attitude of CPIM leaders, and the role of Jyoti Basu in the entire process. These are examined in turn below.

#### **4.5.1 Ideological Debates and Factional Pressures**

Certain ambiguities emerged within the CPIM over its ideological orientation during the mid 1980s and early 1990s. These took three specific forms. Firstly, the party's role in promoting a Left alternative versus its long term governmental duties. Secondly, the collapse of the Soviet Union and the associated ideological implications. And finally, the redundancy of the partisan confrontational strategy.

The ideological discourse of the CPIM provides the fundamental guidelines for all its political, as well as policy decisions. This discourse was built upon an understanding that on the way to a people's democratic revolution, the party might have to occupy power *for a transitional period* with the aim of distributing immediate relief to the people (CPIM Party Programme, 1964). However, though the party was contesting elections and was the majority partner in the two United Front governments, no consensus was ever reached (or even attempted) on what the party's duties would be if it came to hold power over a longer period.

Once the CPIM found itself in office in 1977, there was an overt feeling within the party, as well as the Left Front, that this would not be long-lived. Coming out of the Emergency, many Left leaders harboured a deep suspicion of the Congress government at the centre and believed that it was only a matter of time before the centre overruled the state government. This belief intensified after the Congress returned to power at the centre in 1980 (replacing the CPIM-supported Janata government), and again after the Congress won a massive majority in the 1984 Lok Sabha elections following Indira Gandhi's assassination. Therefore, the formation of the Left Front was assumed to be only for a transitional phase, during which

the political goals of the party could be intensified further using the governmental institutions (hence the declaration of the government as an instrument of class struggle). In the words of Jyoti Basu: “neither did we ever believe that we would form a government, nor did we imagine that once formed, our government could stay in power for so long. Although the Communists had formed a government in Kerala in 1957, we were not certain about what such a regional government would achieve within the capitalist and bourgeoisie parliamentary system of our country” (Introduction to Sen, 2008).

Therefore, on assuming power in 1977, industrial revival was not considered a priority compared to the more politically attuned tasks of land reform and *panchayati-raj*. The government’s attitude to industrialisation was apparent from the onset when the industry and commerce portfolio was given to a Forward Block ministerial candidate, while the CPIM retained ministries such as land and land reforms, *panchayats* and rural development, agriculture, etc.<sup>92</sup> The 1978 Statement was demonstrative of the deep suspicion that the Left leaders harboured towards big businesses and industrial houses, both politically and culturally. In the words of a former highly-ranked WBIDC official:

The rulers of West Bengal believed in a ‘small is beautiful’ ideology. They therefore concentrated more on the small and medium scale industries and neglected the heavy industries. This is apparent from the fact that the industry and commerce ministry was given to a coalition member - whereas the cottage and small industry ministry was kept within CPIM. They also never build up any rapport with potential investors.<sup>93</sup>

Added to a natural aversion towards the industrial class was the ideological support of trade unionism. A former Chief Secretary to the Chief Minister said:

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<sup>92</sup> Historically, being the majority partner of the coalition, the CPIM used to retain the key ministries, distributing ‘lesser’ portfolios to other member parties according to their size and relative importance.

<sup>93</sup> Source: *Interview (anonymity requested)*, 3<sup>rd</sup> July, 2009, Calcutta.

The Lefts essentially empowered the trade unions. It was they who had legitimised the culture of *gherao* in the 1960s. Now that they were in power, the culture still continued, though not in an institutional format, but with passive support from the state. At the same time the traditional industries in the state were also weakening. Many had fallen sick, Heavy engineering industries were already on the decline, so was jute and tea. The once thriving cotton industry was almost on the verge of extinction. The large industrial belt on the bank of the Ganges and the age-old foundry units in Howrah were dwindling. But the government hardly had any plans to address these problems; the only standard response was to take over the sick units. Apart from these, at least till 1985, the government was also heavily against computerisation, automatic clearance in the banking sector, and even English education.<sup>94</sup>

This attitude definitely paid rich political dividends for the CPIM in the first five to seven years of its rule. But while the political gains largely compensated for the economic worries of the state the situation gradually started to change from the mid-1980s. With the conclusion of Operation *Barga* and with most of the *panchayats* already under party control, the political activism surrounding the two major institutions upon which the idea of a Left alternative was based had reached a low level equilibrium, and the party was gradually entering a political impasse in the absence of fresh ideas. At the same time, the prospect of being in power long term, or at least longer than initially expected, had begun to dawn on the CPIM. This created a rather challenging situation for the party inasmuch as: it had a chance to enjoy a longer stint in office, but had no guidance from its ideological discourse on what its long-term duties should be; it was not clear how to combat the pitfalls of parliamentary participation which would certainly infect the party if it stayed in power for long; and, if the party remained associated with a bourgeoisie parliamentary system for too long, this might hinder the prospects of the people's democratic revolution.

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<sup>94</sup> Source: Interview (anonymity requested), 12<sup>th</sup> June, 2009, Calcutta.

In the words of Samir Putatundu, former secretary of the CPIM's South 24 *Parganas* district unit<sup>95</sup>:

When the Left Front came to power in 1977, they had absolutely no idea that they could remain in power for so long. When this realisation started to set in, then sticking only to a programme of immediate relief was judged inadequate...In the past years of its rule, the Left Front achieved almost zilch as far as development planning was concerned. On one hand they never risked increasing the financial burden on the masses and persisted with populist measures, but on the other they could not undertake any development work...due to a massive resource crunch. Be it employment generation, be it agriculture, be it general development issues- all had hit a deadlock<sup>96</sup>.

Under pressure from such conflicting ideological positions, by mid-1980 debates started to emerge within the CPIM over its long-term governmental duties. At the forefront were the dual issues of industrial development and attitude towards private capital. These were formally voiced at the 12<sup>th</sup> Party Congress in Calcutta in 1985, where the issue of economic development (as an independent subject rather than intertwined with the political agenda) was discussed at great length for the first time. In an effort to address these concerns and find a way out of the impasse, the party congress approved the idea of joint sector initiatives for the first time. While the exact nature of the discussions that took place was never made public, the significance of the departure is shown in the following quote from a CPIML<sup>97</sup> observer (albeit critically):

As far back as in the party's 12th Congress in 1985, BTR (yes, the same BT Ranadive who as the General Secretary of the undivided CPI in 1948 had sought to plunge the entire party into an adventurous insurrection to overthrow the rule of capital represented by the Nehru government) came down heavily against opponents of state-private joint ventures, helping Chief Minister Jyoti Basu take a big stride forward in his drive for industrialisation. From then onwards, top leaders including General Secretaries have offered all assistance and guidance to the process of continual

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<sup>95</sup> Mr. Putatunda resigned from the CPIM on 18<sup>th</sup> February 2001 citing ideological differences, though the party refused to accept his resignation and expelled him on 11<sup>th</sup> March 2001. He is currently the General Secretary of the Party of Democratic Socialism (PDS).

<sup>96</sup> Source: *Interview*, 12<sup>th</sup> September, 2009, Calcutta.

<sup>97</sup> Communist Party of India- Marxist Leninist. This was the faction that broke away from CPIM in 1969 (see Chapter 2).

rightward drift in the Left Front Government's economic policies. Joint ventures, or what we would call PPPs today, proved to be a transitional step towards privatisation and then the neoliberal industrial policy document of 1994<sup>98</sup>.

Evidently, the contradictions in ideas had initially surfaced from a sense of an ideological void within the party which came to light in the face of a trade-off between political longevity and revolutionary character. While the debates pertaining to it were largely confined to the higher echelons of the party during the time of the 12<sup>th</sup> Congress, they were aggravated significantly after the Soviet disintegration which came as quite a shock to the party; it had pledged its allegiance to the CPSU in leading the struggles against imperialism as late as 1988-89. The opening lines of the 14<sup>th</sup> Party Congress confirm this:

The international situation in the period after the 13<sup>th</sup> party congress has been a stormy and difficult one for the forces of socialism...The reverses suffered by socialism in the Soviet Union and earlier in Eastern Europe have altered the world balance of forces in favour of imperialism for the present...Though significant changes began taking place in the socialist countries and in many Communist Parties by the time of the 13<sup>th</sup> Congress of the party, we failed to grasp their deep implications then. Hence the subsequent developments which unfolded were quite unexpected (CPIM 14<sup>th</sup> Party Congress, 1992:1).

This was a serious setback for the CPIM. While the debates surrounding the party's role in government were already in full swing, the Soviet disintegration dealt a blow to the larger theoretical framework it operated within. The 14<sup>th</sup> Party Congress therefore had to make a formal attempt to re-evaluate the existing ideological discourse. The Congress adopted a resolution on 'Certain Ideological Issues', which admitted, "the complexity of the situation and issues being questioned, encompass the history of nearly a century of human civilisation. This demands a wide, extensive and in-depth study" (ibid.:91-92).

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<sup>98</sup>Source: [http://www.cpiml.org/liberation/year\\_2008/may/cpim\\_19congress.html](http://www.cpiml.org/liberation/year_2008/may/cpim_19congress.html) - accessed 23rd June 2011.

This resolution was one of the most significant in the history of the CPIM, as for the first time it admitted a fallacy in its understanding of the nature and potential of capitalism<sup>99</sup>. The resolution stated:

In retrospect, it can be said that the general crisis of capitalism was simplistically understood. The historical inevitability of the capitalism's collapse was advanced as a possibility round the corner. This was a serious error that inhibited a concrete scientific study of the changes that were taking place in the capitalist countries and the manner in which it was adapting to meet the challenges arising from socialism...while the socialist revolutions reduced the physical size and levels of operations of the world capitalist market, in the absence of socialist revolutions in any advanced country, these basically affected neither the levels of productive forces already attained by capitalism nor its future potential. It was hence possible for world capitalism to adapt to the new realities of a reduced physical market and yet raise the levels of the productive forces (ibid.:94-96).

This was a significant admission, and, as suggested in the opening lines of this chapter, introduced a fundamental change to the ideological discourse of the party. While a detailed critique is beyond the purview of this work, it is important to note the political line that the party assumed henceforth. The debates leading up to the 14<sup>th</sup> Congress and the resolution on Certain Ideological Issues provided the CPIM with an ideological middle ground. Having admitted that a socialist revolution was not imminent and that some means of co-existing with capitalism needed to be found, it was now possible to weave the logic of capitalist production into the operational principles of the party while in power. The government could be given licence to promote a more industry-friendly attitude and concentrate on basic development duties without appearing to lose its ideological character, and at the same time the party could continue protests against the economic reforms at national level. In accordance with this, the 14<sup>th</sup> Party Congress also praised the Chinese and Vietnamese

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<sup>99</sup> A similar assessment of the potential of capitalist production forces was undertaken by the party Central Committee in 1990, the findings of which were adopted in another resolution. While the 14<sup>th</sup> Congress resolution draws on the Central Committee resolution, it is much more comprehensive than the latter.

economic models, which seemed to have successfully negotiated a similar challenge of adhering to a socialist framework whilst tacking the issues of economic reform and renovation.

Finally, the economic reforms of 1991 led to a serious setback to one of the cornerstones of the CPIM's political line - its partisan confrontation strategy based on accusations of a discriminatory attitude on the part of the central government, particularly regarding its licensing policy and the freight equalisation scheme. The abolishment of both of these as a part of the NEP therefore made the earlier accusations entirely redundant, and took the steam out of the party's anti-centre rhetoric. The government was left with no option but to acknowledge that, "while continuing to advocate a change in some important aspects of this New Economic Policy, we must take the fullest advantage of the withdrawal of the freight equalisation policy...and the delicensing in respect of many industries" (GoWB, 1994:6).

These debates and the corresponding shifts in attitude among CPIM leaders were obviously noticed, and even criticised, by some of the other coalition member parties as a deviation from the idea of a Left alternative. Manoj Bhattacharya, State Secretary, Revolutionary Socialist Party (RSP):

The motivation behind the Left Front government after 1977 was to develop an alternative. But ultimately the effort had stopped after the first few years. Especially 1988 onwards the Left Front has been trying to operate within the overall parliamentary democratic setting of the country. There are certain internal contradictions within the coalition which are responsible for this deviation. The CPIM has always believed in some sort of a middle path, adjusting with capitalism. The Left Front as a whole was compelled to follow this middle path. We tried to protest against these, but in vain<sup>100</sup>.

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<sup>100</sup> Source: *Interview, 15<sup>th</sup> June, 2009, Calcutta.*

Mihir Bain, State Secretary of the Revolutionary Communist Party of India (RCPI) similarly observed:

From a political perspective, Left movement in India have become increasingly stagnant and directionless for many years. In 1977, we said that the Left Front will be a tool for class struggle against bourgeoisie oppression and its ultimate goal will be to bring in the revolution, even if the process is long drawn. But after a few years the government started to pacify rather than encourage trade union movements in the industrial belts. Agriculture had also reached stagnation after the initial success of Operation Barga. On the whole, in both industrial and agricultural belts, neither were there any movements, nor was there a favourable ideological condition to facilitate such movements. The government had stopped working towards increasing the common people's consciousness, and had started to adjust with the bourgeoisie parliamentary system.<sup>101</sup>

A final point remains to be noted regarding these debates. One section of the party leadership remained unconvinced about the validity of the new ideas and a factional struggle continued to rage within the CPIM throughout the second half of 1980s and well into the 1990s regarding its overall ideological orientation and the involvement of the private sector in the state economy<sup>102</sup>. However, this opposing faction did not wield much decision-making power within the party, and once certain decisions were taken at the highest level - the Party Congress - it gradually dissipated. Hafiz Alam Sairani, a Forward Block member and a former *panchayat* minister in the Left Front cabinet described the factional struggles:

There were two opposing views inside the CPIM. One group said that we have done land reforms, and brought in significant welfare programmes via a system of democratic decentralisation through the *panchayats*. This is indeed an achievement. But there is no further scope for development. We have reached a saturation point in the agricultural sector, and there is limited scope to increase productivity. Yet at the same time we have to generate employment. So we need to find an alternative way. This has to be via industrial development. But given the resource crunch on the government, there is no option but to involve private players in the process.

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<sup>101</sup> Source: *Interview*, 20<sup>th</sup> June, 2009, Calcutta.

<sup>102</sup> A prominent figure in the opposing camp was Benoy Choudhuri, the most senior member of the West Bengal cabinet after Jyoti Basu, and the architect of Operation Barga. He resigned from the government in December 1995, remarking: "this is a government of contractors, by contractors and for contractors". Denied a party ticket in the 1996 elections, he retired from active politics soon afterwards (Bandyopadhyay, 2010).

The second group considered modern industries to be more capital intensive rather than labour, and argued that industrialisation cannot be a job oriented development programme and therefore not beneficial for the state. But the actual decision making power in CPIM was in the hands of the former group. The others had no option but to follow suit.<sup>103</sup>

Manoj Bhattacharya of RSP made a similar observation about how the decision-making faction of the CPIM had become convinced of the inevitability of the neoliberal policies.

Within two years of the economic reforms being announced by the central government, a sizeable number of leaders of both the major Communist parties - CPIM and CPI - were also taken into confidence. A part of the CPIM leadership, particularly those who mattered organizationally, even went to the extent of arguing about the importance and inevitability of these economic policies. Although the CPIM formally opposed these policies like all other Leftist parties, the dominant faction within it had already decided to fall in line.<sup>104</sup>

What these changes indicate is that by early 1990, the CPIM had begun to accept a Chinese-style economic model and withdraw some of its earlier radical stances against private capital. The 14<sup>th</sup> Congress provided the necessary ideological legitimacy to such a change in attitude. Although the party continued its opposition to the economic reforms via protests and demonstrations, as far as its governmental duties were concerned, it was slowly coming to terms with the changing situation.

#### **4.5.2 An Ambivalent Policy Environment**

The diverse ideological and factional pressures within the party, quite predictably, spilled over into the realm of policy-making. While there were already serious debates over joint sector ventures vis-à-vis trade union practices, the Left Front was caught in a serious policy dilemma post-1991, trying to balance its initiatives to attract investment against a continuous denunciation of the NEP in public.

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<sup>103</sup> Source: *Interview*, 24<sup>th</sup> June, 2009, Calcutta.

<sup>104</sup> Source: *Interview*, 15<sup>th</sup> June, 2009, Calcutta.

The Finance Minister of West Bengal, Dr. Asim Dasgupta, launched scathing attacks on what he sarcastically termed the *so-called economic reforms* of the central government in successive budget speeches from 1991 to 1997<sup>105</sup>. His criticisms were detailed and diverse, ranging from economic recession, inflationary pressures, debt trap, sovereignty crisis, and even an assault on the basic social values of the vast majority of the common people of the country. He then proceeded to outline the Left alternative, or “the possibility of an alternative path in the interests of the common people and all the patriotic citizens of our country...As an alternative to the anti-people socio-economic approach at the national level, a different scenario has been placed by West Bengal at the all-India fora. At the same time, the State Government, even with its limited power, has tried to implement this alternative approach within the state itself” (GoWB Budget Speech, 1995-96).

What is interesting to note are the subtle changes gradually introduced into this alternative approach. In the 1990-91 and 1991-92 budget speeches, the main thrust was on *self reliance*, which “began in agriculture with land reforms, and in industry with emphasis on small-scale units and then trying, whenever possible, to link up, with a social perspective, the small-scale units with the mother-complexes in the large-scale industrial sector” (GoWB Budget Speech, 1991-92). There was no mention of external and/or foreign trade. But over the next few years, external trade participation along with the ideas of efficiency and comparative advantage were gradually introduced, and *self-reliance* came to be equated to *self-respect*. In the 1993-94 budget speech, Mr. Dasgupta said, “...self-reliance does not mean shifting out from external trade. It only means that...we should make it [the growth process] depend, along with criteria of efficiency, on what we primarily have, and then...on the basis of comparative advantages, participate in external trade...we are proposing participation in imports and

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<sup>105</sup> Though the criticisms continued to be a part of the budget speeches well into the next decade, they were gradually toned down after 1997.

exports from a position of self-respect". Within another two years, foreign investment was also included in the definition: "...it is possible to allow foreign investment in specific areas of importance where there is no industry in the country...Self-reliance, of course, does not mean withdrawal from foreign trade" (GoWB Budget Speeches, various years).

The second point to note is that in spite of the emphasis on the alternative approach, Dr. Dasgupta announced a number of initiatives which were very much in accordance with the NEP. For example, a detailed industry incentive scheme was introduced as early as 1992. Detailed in the 1993-94 budget "in the face of a new potential of industrial revolution", it announced sales tax deferment or increased remission for up to 13 years, and suspension of electricity duty for five years (GoWB Budget Speech, 1993-4). In the 1994-95 budget an attempt was made to simplify and decentralise the tax structure, so that "in place of unnecessary complexity and centralisation, forces of equal competition can be introduced...which may then encourage equal competitive forces in the sphere of production and trade" (GoWB Budget Speech, 1994-95). In fact, during the discussion on the 1994-95 budget in the Assembly, several opposition members criticised the finance minister for "following the prescriptions of liberalisation in the guise of communism. The budget is an imitation of Dr. Manmohan Singh's budget, with the same kind of allocations and tax exemptions."<sup>106</sup>

Another area where the government's ambivalent attitude became apparent was its initiatives to attract private capital to the state via joint ventures. Two of the earliest and most publicised ventures were a project between Philips and the West Bengal Electronics Development Corporation to set up an electronics complex in Calcutta and a petrochemicals complex at

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<sup>106</sup> West Bengal Legislative Assembly Proceedings 1994; Volume I; 21<sup>st</sup> March

Haldia, the first in the eastern region of the country<sup>107</sup>. There were a number of other proposals as well, though their promotion was much lower profile. For example, by as early as 1985, Webel Consumer Electronics Ltd., a subsidiary of West Bengal Electronics Industry Development Corporation Ltd. (Webel), had entered into a partnership with National Insulated Cable Company of India Ltd. (subsequently called Webel Nicco Electronics Ltd.). The records of the state Legislative Assembly show that, on 10<sup>th</sup> May 1990, Jyoti Basu informed the House that the state was entering into joint sector ventures with both Reliance Industries and TATA Group<sup>108</sup>. On 23<sup>rd</sup> March 1992, Mr. Abdul Mannan (a Congress MLA) quoted from a note that had been circulated in the House earlier that month, which read: “efforts are to be made to locate resourceful private sector entrepreneurs of good track records who can be introduced in India for public projects such as Paper Pulp, NISCO, Krishna Glass Syndicate, Lily Biscuit and India Belting...attempts may be made to convert Paper Pulp, NISCO and Krishna Glass Factory into joint sector companies, while Lily Biscuits can be possibly sold off to a good private sector firm”<sup>109</sup>. Two days later, on 25<sup>th</sup> March, Basu observed that “private sectors should be given a fair trial. They should be allowed to enter core industries like power and steel in a big way. The government is negotiating to sell part of its holdings in several state owned undertakings”<sup>110</sup>. On 13<sup>th</sup> July 1993, the House was informed that Peerless Group (a Calcutta-based finance and investment company) and Associated Cement Companies Limited (a Mumbai-based cement production company, now known as ACC Ltd.) had acquired 51% equity in the Greater Calcutta Gas Supply Corporation and Webel Electro Ceramic respectively<sup>111</sup>.

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<sup>107</sup> Both projects were embroiled in political tussles between the state and central governments over licensing and funding issues, and were delayed for many years. Throughout the 1980s, they were cited by the Left leaders as instances of the central government’s ‘evil step-mother’ attitude to West Bengal, and started to take shape only in the early 1990s.

<sup>108</sup> West Bengal Legislative Assembly Proceedings; 1990; Volume II; 10<sup>th</sup> May.

<sup>109</sup> West Bengal Legislative Assembly Proceedings; 1992. Volume I; 23<sup>rd</sup> March.

<sup>110</sup> Ibid. Volume II, 25<sup>th</sup> March.

<sup>111</sup> Ibid. 1993; Volume I, 13<sup>th</sup> July.

In spite of these initiatives (and many more), there were also several signs indicating the government's self-doubts. An important example is the rejection of the National Renewal Fund (NRF): the Fund was announced by the central government as a part of the NEP in 1991, and formally established on 3<sup>rd</sup> February, 1992. During the period of 1992-93 to 1998-99, the NRF provided assistance to most states for implementation of voluntary retirement schemes in central public sector undertakings and counselling/redeployment schemes for retrenched workers from the organised sector<sup>112</sup>. Only the government in West Bengal which, although engaged in a similar task of "retraining and redeploying the work force, as well as arrang[ing] for compensation and rehabilitation for retrenched workers if necessary" (Budget Speech for the Ministry of Industries and Commerce, GoWB; 1993-94), refused assistance from the NRF, Jyoti Basu stating "we cannot accept the National Renewal Fund" (*ibid.*). It may be inferred, given the mindset of the CPIM during this period, that it was unsure as to what extent association with a NEP-induced policy measure would be accepted in trade union circles. This decision was severely criticised by opposition members, who called it an inherent contradiction of government policy<sup>113</sup>.

In spite of criticisms, such conflicting signals continued to surface. A former chairman of WBIDC cites a lesser-known, but significant example of the government rejecting possible investment opportunities:

Around 1993/94, Mr. Purnendu Chatterjee<sup>114</sup> wanted to turn Calcutta into a major financial centre and requested some land from the government to do so. But the government did not encourage it. The reasons are known to no-one. Had this project materialised, it would have led to a substantial amount of investment in West Bengal. Very few people know about this.<sup>115</sup>

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<sup>112</sup> The fund was dissolved in 2000.

<sup>113</sup> West Bengal Legislative Assembly Proceedings, 1993; Volume I, 13<sup>th</sup> July.

<sup>114</sup> Founder and Chairman of The Chatterjee Group, one of the major stakeholders in Haldia Petrochemicals.

<sup>115</sup> Source: *Interview*, 12<sup>th</sup> June, 2009, Calcutta.

Another interesting example can be found in the Legislative Assembly records of 16<sup>th</sup> June 1994. The House was informed of a meeting held in Delhi on 9<sup>th</sup> June between Dr. Manmohan Singh and several Congress MLAs from West Bengal. In this meeting, Dr. Singh had apparently praised Jyoti Basu as a pragmatic leader, citing his recent request to the central government to facilitate a proposed Rs 500 *crores* leather complex in the state with Japanese collaboration. However, he had then gone on to observe that Mr. Basu, while in Delhi, usually praised the central government's initiatives, but assumed a totally different tone and changed his statements once back in Calcutta<sup>116</sup>.

In summary, these examples illustrate that there was a certain amount of indecisiveness on the part of the government with regard to its policy initiatives on the industrial front. The origin of this indecisiveness can be traced to a number of factors within the CPIM, viz. the various strands of ideological debates and factional pressures, and also the larger compulsions of a stagnating economy and an increasing resource crunch. The policy dilemma assumed challenging proportions post-1991 against a backdrop of the NEP, and the wider federal compulsions of inter-jurisdictional competition and provincial Darwinism. While the Left Front stuck to its traditional rhetoric in public, there were increasing signs of an internal shift. In fact the government came under serious criticism for what the opposition described as a duality in its approach. In a particularly interesting observation made by Saugata Ray, a senior Congress MLA, the joint sector initiatives of the government were criticised as a policy of *confused giganticism*, stemming from a misdirected theoretical understanding:

...the Left Front is not being able to decide on the specific development road to take. Post Communist states today have largely abandoned the Stalinist-Communist idea of centralised planning...[and] While Eastern Europe earlier used to be the theoretical compass for the Lefts in West Bengal, the changes there have led to a confusion. On one hand, they are talking

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<sup>116</sup> West Bengal Legislative Assembly Proceedings, 1994; Volume II, 16<sup>th</sup> June

about decentralisation of power, while on the other there is a move towards giganticism in terms of certain prized projects such as Haldia, Bakreshwar etc. This is a policy oscillation between decentralisation and confused giganticism, leading to a theoretical void within the Lefts.<sup>117</sup>

In the next few years, the Left Front also came to be increasingly criticised for maintaining a double-standard between its political initiatives at national level and policy approaches at state level, for example, protesting against the NEP in Delhi while holding meetings with the Bengal Chamber of Commerce to identify new opportunities for private investment, opposing a subsidy withdrawal policy of the central government while freezing subsidy levels for public units in the state, and so on<sup>118</sup>. In fact, citing the various meetings and foreign trips of Basu to attract investment, the opposition went so far as to say that not only had the Lefts moved away from the policy of total state control, but “Mr. Jyoti Basu has become the principal mouthpiece of the national bourgeoisie.”<sup>119</sup>

#### **4.5.3 The Role of Jyoti Basu**

The above discussion shows that long before the new policy statement was announced or even conceived, higher echelons of both the party and the government were embroiled in debates over an industrialisation-based development agenda. While a policy transition eventually took place in 1994, the ambivalent ambience present would have possibly continued much longer had it not been for Jyoti Basu. His role in the process deserves special attention.

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<sup>117</sup> West Bengal Legislative Assembly Proceedings, 1990; Volume I, 17<sup>th</sup> May

<sup>118</sup> Ibid.; various years.

<sup>119</sup> Ibid.; 1992, Volume I, 22<sup>nd</sup> March.

Basu was seriously criticised for his government's policy indecisiveness<sup>120</sup>. He was seen to be entirely subservient to the party, turning a blind eye towards the state's stagnating economy and never interfering with party diktats<sup>121</sup>, even if that meant disrupting government services (such as acceding to the habit of calling frequent strikes). However, while his inability to rise above party priorities and establish a favourable investment climate in the state was seen as a serious drawback, his individual initiatives to attract investments were appreciated. Consider the following statement by Saugata Ray: "Mr. Basu is constrained by his party. While he has been trying to attract investments, the party is pulling him back. On one hand he is trying to start Haldia Petrochemicals, while on the other the ideology of strikes continues in the party". Ray went on to praise Basu for a shift in outlook and attitude: "while at one point he was against modernisation of factories, today he is welcoming foreign technology and joint collaboration"<sup>122</sup>. Sinha makes a similar observation: "[w]hile Jyoti Basu insisted upon reorienting the CPI(M) and the Left Front government toward industrial and even monopoly capitalists...his efforts were not successful because he could not manage the full effort of the party apparatus behind him" (2005:196).

Although he never transgressed official party lines, Basu was widely regarded for his pragmatic attitude, and was the first among his contemporary Left leaders to start speaking in a new language, "far removed from talk of class struggle, revolution, anti capitalism and anti imperialism" (Mukherjee, 2007:2). He clearly expressed his views on industrial development on several occasions:

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<sup>120</sup> The criticisms were not only political. For example, in a seminal study by Tim Besley and Robin Burgess (2004), a causal link was identified between Mr. Basu's pro-worker policy reforms and the decline of the manufacturing industry and a rise in the urban poverty headcount in West Bengal.

<sup>121</sup> Basu has only once criticised a party decision in public. In 1996, he seemed set to be the consensus leader of the United Front for the post of Prime Minister of India. However, the CPIM politburo decided not to participate in the government, a decision that he later termed a *historic blunder*.

<sup>122</sup> West Bengal Legislative Assembly Proceedings; 1991, Volume V, 22<sup>nd</sup> August.

1. In a widely publicised speech to the Bengal Chamber of Commerce, Basu candidly confessed to harbouring a “vital interest in helping the growth of industries”. He wanted to take a “realistic view of the political and economic situation”, and in the existing situation the private sector, including multinational and monopolies, have a “major role to play”. “Certainly we would support the need for foreign technology or even investment...” he continued, “...if it would help production and distribution of items essentially required”. He also pointed out that “our incentives to the private sector have been increasing rapidly”.<sup>123</sup>
2. On 12<sup>th</sup> March 1992, shortly after the announcement of the NEP, Basu observed that the abolishment of the licensing scheme would certainly alleviate the industrial situation in West Bengal, saying: “from a self-complacent point of view, I am really happy”.<sup>124</sup>
3. On 25<sup>th</sup> March 1992, Basu said: “I have been going abroad every year to invite foreign companies and NRIs to invest in West Bengal...Computerisation and other forms of modernisation are inevitable...Trade union leaders have no right to avoid work on the excuse that they are looking after the welfare of the workers...We are not against modernisation and technological transformation and nor are we in favour of unproductive job protection in non-viable units”<sup>125</sup>.

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<sup>123</sup> Basu’s speech at BCCI, quoted in Mukherjee (2007).

<sup>124</sup> West Bengal Legislative Assembly Proceedings; 1992, Volume I, 12th March.

<sup>125</sup> Ibid.; Volume II, 25<sup>th</sup> March

The role that Basu played in bringing a discursive shift in both the party and the government's attitude towards industrialisation can be summed up as that of an initiator of a changed mindset. Sujit Poddar, his Chief Assistant (1987-96) and one of his closest aides:

It was unthinkable in those years for a government officer to even hold a private meeting with a businessman. Non-cooperation with the industrialist class was perceived to be the right thing, an alternative definition of being 'just' used to prevail. But it was Mr. Basu who was able to usher in a change in this mindset. He used to attend Chamber of Commerce meetings, meet industrialists outside government offices and even accept private invitations from them. Gradually, he started to get rid of the sensitivity about the industrial class. Though it was a very gradual process, but it was perhaps his biggest contribution to initiate a change in the culture of viewing businesses and businessmen as untouchables<sup>126</sup>.

Neither the ideological debates within the party, nor the criticisms from certain factions that an industrialisation agenda is, in essence, a deviation from the idea of a Left alternative could dissuade Basu from what he observed to be an objective reality. N. Krishnamurti, Chief Secretary to the Chief Minister (1991-96), explains Basu's outlook further:

He never felt that he has deviated from the Left ideology. Instead, his main concern was that even after achieving a certain degree of development and social equity via the land reforms, the needs of the state had not been addressed completely. Particularly, there was still massive unemployment. Therefore some steps had to be taken. And as far as the economic reforms at the centre were concerned, he felt it was immaterial whether we accept or reject them ideologically, as they had become a part of the economic system of the country. He thus said let's adopt what is good for us in it. So essentially it was never a question of ideology to him, but rather an administrative and pragmatic decision.<sup>127</sup>

Gradually, these changes seeped into some of the key government institutions, particularly the WBIDC. S. N. Menon - former Chairman of WBIDC (1992-94) and Principal Secretary to the Chief Minister (1994-00) - observed:

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<sup>126</sup> Source: *Interview*, 18<sup>th</sup> June, 2009, Calcutta.

<sup>127</sup> Source: *Interview*, 29<sup>th</sup> June, 2009, Calcutta.

The WBIDC used to be a kind of organisation where it was normally felt that the industrialists should come to it on their own accord, and if we decided to go and meet people outside, we would be held in great suspicion. If one went to meet an industrialist in his office with a proposal to invite him to West Bengal, many questions would be asked. But 1990 onwards, we could see a transformation gradually taking place. The questions gradually dissipated, we were now expected to sell and market the industrial prospects of West Bengal rather than wait for entrepreneurs to come on their own accord.<sup>128</sup>

Another example of such institutional change was a special Industry Cell<sup>129</sup> that Basu set up as a part of the Chief Minister's Secretariat during 1990-91, involving only Poddar and Menon. Menon continued:

We used to meet industrialists who wanted to invest in West Bengal, and provided them with single-point assistance, which included arranging for the clearances from various departments, checking the availability of land etc. I think we were able to channelise and gradually built up a new kind of enthusiasm for getting investments into the state.

In addition to the mindset and corresponding institutional changes, Basu was also able to contain political controversy within the party. The greatest example of his political acumen was the formulation of the Policy Statement on Industrial Development in 1994. As noted before, while the CPIM was engaged in a vehement opposition to the NEP at a national level, Basu had started to meet investors and campaign for West Bengal. The request for a formal policy was made to him during these meetings. He himself wrote: "when we were visiting the various Chambers of Commerce and inviting people to invest in the state, they requested us to present a policy statement explaining our approach towards industrial development" (Introduction to Sen, 2008).

Undoubtedly, this was a rather challenging task for Basu. In spite of the resource crunch, ideological debates, and the gradual changes in mindset, the party was yet to take a decision

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<sup>128</sup> Source: *Interview*, 12<sup>th</sup> June, 2009, Calcutta.

<sup>129</sup> The industrial cell also acted as a reconciliatory body for labour problems in the state, operating independently of the Labour Commission. Source: *Interview*, 18<sup>th</sup> June, 2009, Calcutta.

on its attitude towards large scale industrialisation, and would hardly be amenable to the idea of the government formally courting private capital without party approval. Therefore, anticipating opposition from the party, he prepared the Statement involving only a very small group of bureaucrats - in what was perhaps the first and only instance of its kind during the entire Left Front period - the party being kept entirely in the dark. This team of bureaucrats included Menon, Poddar, Krishnamurti and D.P. Patra (Managing Director, WBIDC). The initial draft was prepared by Krishnamurti, who recalls the mood of the time:

The ideas expressed in the Statement were nothing new in the larger context of the NEP, but it was the personal motivation of Mr. Basu to formalise them and let the industrial houses know. By this time both Haldia Petrochemicals and the Salt Lake Electronics Complex had started to take shape, so he did not want to wait any longer. In fact he was quite impatient and wanted to get the Statement prepared as soon as possible. So we drafted it over a couple of days, he went through it and made his recommendations. I do not think it was discussed in the party, or even in the Left Front cabinet for that matter. Only the finance minister, Dr. Asim Dasgupta was consulted<sup>130</sup>.

Basu's pragmatism comes across in the way he handled the following steps and associated political ramifications. Without prior notification to the party or cabinet, the Statement was tabled directly at the Legislative Assembly on 23<sup>rd</sup> September 1994, just one day before the House closed. It was the last item on the agenda of the day and the session ended immediately after. The records of the next day show that the Statement was adopted with minimal discussion, and possibly, with very few members even realising its significance. In fact, a joint motion was brought against the NEP by two CPIM MLAs, Rabin Deb and Lakshman Seth, which was, to a large extent, quite contradictory in tone to the Statement. In response to this motion, Subrata Mukherjee (a Congress MLA) commented: "placing this

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<sup>130</sup> Source: *Interview, 29<sup>th</sup> June, 2009, Calcutta.*

motion just a day after the new industrial policy has been introduced highlights the bankruptcy of the Left Front...This policy is Mr. Basu's policy, not the Left Front's"<sup>131</sup>.

Tabling the Statement at the very last moment, without any prior deliberation in (or even informing) the party or the cabinet was possibly a deliberate decision by Basu, anticipating the minimal discussion that the limited time would allow. Both Patra and Krishnamurti harbour similar opinions:

He was a pragmatic leader... and a party man. He would guide the party via pragmatic methods but never break from it. Thus he might have played some cards close to his chest (Patra).

Had the Statement been flagged up as an agenda item in the Left Front meetings prior to it was actually written, then the whole thing would have been delayed, or perhaps never achieved (Krishnamurti).<sup>132</sup>

Once the Statement was adopted, it created serious confusion within all the Left parties. The 15<sup>th</sup> CPIM Party Congress, held a year later in Chandigarh, noted:

The Left Front government presented an industrial policy statement in September 1994. This document spelt out the government's attitude to private sector investment including foreign capital investment in the state in the context of the new economic policies of the Centre. This statement which was placed without any discussion in the state committee or central committee and the way it was covered in the press created confusion and apprehensions in Party circles. (CPIM 15<sup>th</sup> Party Congress, 1995:98-99).

Sensing the apprehension amongst his colleagues, Basu tried to pacify them by promising that the policy would be discussed in detail in the cabinet. It should be understood here that given his authority and stature as one of the oldest and most respected Left leaders of the country, it was highly unlikely that any member, even from another party, let alone the

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<sup>131</sup> West Bengal Legislative Assembly Proceedings; 1994, Volume V, 24<sup>th</sup> September.

<sup>132</sup> Source: *Interview*, 3<sup>rd</sup> July and 29<sup>th</sup> June, 2009, respectively. Calcutta.

CPIM, would disagree with or question his decisions<sup>133</sup>. Therefore, no formal opposition ever took shape against the Statement. The promised discussions never happened, and gradually the initial apprehensions and controversies dissipated. Mr. Hafiz Alam Sairani confirms this:

We did not even know about the Statement. Once it was passed in the Assembly, we raised our opposition in a Left Front cabinet meeting. But Mr. Basu said that it has just been passed, not yet implemented, and there will be discussions about it. No one could question him. But no discussions followed. And none of the other Left parties pushed for it.<sup>134</sup>

The only formal discussions that took place were in the CPIM politburo and in a central committee meeting a month later. Justifying his decision in these meetings, Mr. Basu evoked the TINA (*there is no alternative*) clause. He stated that given the Left movement's current position in West Bengal (having achieved a certain degree of progress via the land reforms and the *panchayati-raj*, but struggling under a serious economic crisis, the added compulsions of a wider federal shift towards a liberalised regime, and above all with no imminent socialist revolution) there was no option for the state government but to make certain adjustments with the capitalist system, even if politically it might seem a reformist deviation.

Basu's personal assessment of the situation as discussed above, was based on logic rather than ideology. Invoking the TINA clause was therefore a case of political salesmanship of the highest order. Politics is all about alternatives and possibilities, but if the TINA line is sold then there is no politics, no debate, no criticism, and effectively, no opposition

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<sup>133</sup> While in a regimented party like the CPIM it is quite unusual for an individual to gain a heightened status, Basu was an exception. Not only was he one of the most senior Left leaders of the country, but he was also a charismatic figure owing to his British education, suave personality, impeccable English diction, unique mannerisms to almost sarcastically dissuade any criticism, and had risen through the ranks rather than 'starting at the top'. He was also one of the oldest members of the CPIM politburo from the time of the party's formation in 1964, and a figure of undisputed authority among all the Left parties.

<sup>134</sup> Source: *Interview*, 24<sup>th</sup> June, 2009, Calcutta.

(Mukherjee, 2007). After discussions in the politburo and the Central Committee, the 15<sup>th</sup> Party Congress eventually adopted the Statement, (discussed in Section 4.3.2), upholding the promise that the party in West Bengal would continue to play a prominent role in the nationwide resistance to liberalisation, but at the same time approving the policy statement on industrial development as the official position of the party. The ideological stamp of the Party Congress was the final hurdle in the transition process. It was a process, which in retrospect stands as a classic example of Jenkins's conceptualisation of political salesmanship, *reform by stealth*, orchestrated by one of the leading Left leaders of India and the Chief Minister of West Bengal, Jyoti Basu<sup>135</sup>.

## 4.6 Conclusion

Industrial development in West Bengal under a relatively more industry-friendly environment during the second half of the 1990s and post-2000 has been extensively written about (see Appendix 7). However, the pre-conditions that prompted the Left Front to start on the path of an industrialisation-based development agenda have rarely been scrutinized. It was, as argued in this chapter, a unique set of circumstances, combining a wider set of fiscal and federal compulsions with internal debates and negotiations, factional pressures, political salesmanship, and above all, a reorientation of some of the basic tenets of Marxian principles.

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<sup>135</sup> There are some conjectures regarding Basu's role, mainly originating from other Left parties. According to one such theory, he threatened to resign from the cabinet if the Statement was not unanimously accepted. But a second theory, emanating from the RSP, presents a completely contrasting picture, verging on conspiracy theory. Basu was apparently in complete disagreement with the NEP and did not want the Left Front to follow suit. But a pro-reform CPIM faction conspired to remove him from Chief Ministership, and bring Buddhadeb Bhattacharya to power instead, as Bhattacharya was the favoured candidate of big national bourgeoisies with the backing of foreign capital. When Basu did not bow to the pressure, Bhattacharya tendered his resignation on the flimsy ground that the Left Front was a '*government of thieves*'. Basu had no option but to reconcile, and while he remained as Chief Minister, he was forced to support the new industrial policy to placate the situation. Immediately afterwards, Mr. Bhattacharjee rejoined the cabinet.

This is a highly improbable scenario, and could not be validated from any other source during the course of this research. Bhattacharya did tender his resignation from the cabinet in 1993 due to what is generally known as a significant difference of opinion with Basu. However, there has never been any conclusive evidence on the reasons behind his leaving the cabinet and the party's decision to bring him back.

The last factor, in fact, was decisive not only during the *period of transition*, but paved the way for certain fundamental modifications in the CPIM's ideological discourse in the years to come, modifications which have recently come under scathing attacks (see Chapter 6).

Let us recall the two questions that underpin the transition phase: why were the policy changes necessary? And why was there an attempt to de-link government from politics? The answers can be summarised as follows.

The conditions that precipitated the changes stemmed first and foremost from the financial and political impasse the Left Front was in by the mid-1980s. This impasse was a result of a misplaced notion about the transitory nature of the government and being guided entirely by a political agenda instead of working on a long-term developmental plan. But once the CPIM realised that there was a possibility for the government to remain in power for longer, involving private capital in some form was deemed the only possible way forward. The debates over joint ventures during and after the 12<sup>th</sup> Party Congress indicate the gradual acceptance of such an eventuality. However, these early changes were still only theoretical, while the actual resource crunch on the government was steadily assuming alarming proportions. The party was thus confronted with the additional challenge of formulating an ideological middle ground where the government could be seen to be pursuing a private capital induced mode of economic development, without having lost its revolutionary character and at the same time, trying to avoid the inevitable criticisms. This marked the beginning of an ambivalent attitude in the policy-making sphere, as instead of rising to the challenges, the government adopted a one step forward, two steps back approach towards private capital and industrial development. As Mukherjee (2007:2) writes:

...since the Left's imaginary, ideology and strategy was centred on revolution, once it moved away from militancy...it simply did not know what to do. It was a collective

failure of imagination and creative and critical thinking on the part of the CPM. They completely ran out of ideas. New thinking within CPM could not emerge, not only because of the anti intellectual culture of the party, but also because of the dogmatic way they believed in Marxism which, did not allow them to formally accept that they have given up their belief in revolution. Like any religion, they just clung on to Marxism as a set of rituals and mantras.

The 1990s brought with it a way out of this impasse via two largely unrelated events, the Soviet disintegration and the announcement of the NEP which together gave the CPIM a way to formulate a middle ground. It now had the opportunity to be seen in public as opposing the NEP and not having relented to the imperialist forces, thereby retaining its political character. At the same time, it could start weaving the logic of capitalist production into the government's policies, having admitted to a theoretical misjudgement of the imminency of a socialist revolution and undermining the resilience of the forces of capitalism. In other words, it was now possible for the government to keep its ideological opposition alive at the all-India level, and justify its actions in the state by citing the unavoidable compulsions placed on it by recent developments on the national and international horizons.

The 1994 Policy Statement on Industrial Development could, therefore, be seen as an eventual outcome of the political choices of the time, rather than a standalone policy exercise. However, the outcome could have been delayed much longer had it not been for Jyoti Basu. His clandestine manner in introducing the policy while ideological debates were still raging at large within the party managed to underplay the potential significance of the changes. As a result, while the policy was approved in the 15<sup>th</sup> Party Congress, the party continued to perpetrate the standard excuse of blaming federal pressures as having left the state government with no choice. Nor did the party ever venture into examining the nature of these pressures or openly admit to the extent of internal ideological modifications.

This is also exactly what prompted the de-linkage attempts. The party could go as far as admitting a theoretical misjudgement, but to admit that the government was no more an instrument of class struggle, and was trying to adjust to market forces instead, would be politically suicidal. It would then be accused of, at best, having completely given way to reformist pressures, and the entire Left movement in the country would be undermined. Therefore the party had to argue, at least publicly, that the changes in West Bengal were confined to a realm of *regional governance compulsions*, while politically remaining disassociated with a pro-market development agenda.

Industrial development in West Bengal during the second half of the 1990s saw glimpses of such de-linkage and disassociation attempts of governance from politics. Unfortunately, it remained a purely rhetorical exercise. While words such as ‘revolution’ and ‘class struggle’ slowly disappeared from the governance vocabulary, and there was a genuine attempt to repair the damaged industrial credibility of the state, the party failed to explain the complex realities of the day even to its own members and cadres. As a result, hardly any of the governance initiatives reached ground level, the party’s stronghold. The political economic history of West Bengal up to the *period of transition* was one of fiscal, federal and ideological compulsions, but the story henceforth is one of political negotiation around the choices made both at ideological and grassroots levels, where the two components of the political rationale of the CPIM come into play.

## Chapter 5

### **The Politics of Transition: Clarity, Negotiation and Consensus**

*“We are facing a transitional period of development: from agriculture to industry... I cannot build socialism in this part of the country... We must have modern industries and have to try to attract investment from big business”*

Buddhadeb Bhattacharya, Chief Minister of West Bengal (2000-2011)<sup>136</sup>

#### **5.1 Introduction**

The transition from agriculture to industry in human history has rarely been free of associated socio-political turbulence. While the nature of such turbulence varies across time and space, the onus of negotiating a successful transition often emerges as the biggest challenge for the agency at the helm of the process. The story of West Bengal is no different, as Bhattacharya admits in the above interview: “we are at a turning point and it is therefore critical that we formulate our policies in a very clear-cut manner. There should be no confusion over our **intentions** and the **meaning** of the transition. There should be no grey areas” (*emphasis added*). Unfortunately, despite such rhetoric emanating from the highest echelons of the government, it is precisely in its intention and meaning that the transition experience in West Bengal went wrong.

The political and ideological choices of the CPIM during the initial years of transition (c.1991-2000) were explored in the previous chapter. After these initial choices, once the party arrived at an ideological consensus on pursuing an industrialisation-centric growth model, it then also had to grapple with the challenges of a new set of political negotiations,

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<sup>136</sup> Source: “It is high time we move from agriculture to industry”: Interview with Buddhadeb Bhattacharya, *The Hindu*, 27<sup>th</sup> February 2007.

the dynamics of which continued to shape the political economic landscape of the state over the next fifteen years. Along with the usual collective action problems that come with any developmental shift, the CPIM was confronted with an additional policy-change dilemma not faced by any other centrist or right-wing party in India: how to “modify its ideological agenda toward public sector-led industrialization and redistributive economic policy strategies without losing its core base of political support, public sector workers and the middle peasantry” (Sinha, 2004:80). Such a dilemma is especially pronounced within a democratic framework, she continues, where parties like the CPIM may be punished electorally for abandoning earlier ideological commitments<sup>137</sup>.

In addition to this dilemma, the erstwhile credibility problem continued to haunt West Bengal’s industrial prospects. Widespread scepticism about the CPIM’s political intentions among investors and the public alike, made marketing the state an extremely difficult task. The government needed to reassure many of its serious and long-term commitment to policy change (ibid.:83).

However, this was a serious problem for the party. Achieving credibility, as Rodrik argues, often requires large-scale policy initiatives that would not otherwise be necessary (Rodrik, 1998) and such policy reforms require fundamental doctrinal changes. While there are socialist parties who have gone down the path of reforms and revision to pursue market-oriented policies (e.g., the socialist parties in France, Spain, and Italy), the national apparatus of the CPIM has always refused to adopt doctrinal modifications (Sinha, 2004)<sup>138</sup>. Therefore, even after the 1994 Statement of Industrial Policy, it was not clear how the state would

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<sup>137</sup> The defeat of CPIM in the 2000 Calcutta municipal corporation elections is a case in point.

<sup>138</sup> Disassociating from the United Progressive Alliance (I) in 2008 due to differences over the civil nuclear deal with the United States, a move many political observers hail as the beginning of the CPIM’s marginalisation in national politics, testifies to the party’s aversion towards major doctrinal changes.

“secure its industrial future in a substantially more market-oriented environment, and [would] the new situation...[be] characterised by less political interference...[and] provide a foundation for renewed industrial growth” (Pederson, 2001:647).

The political-economic literature on West Bengal that has emerged over the last fifteen years focuses largely on the above questions, and highlights a range of institutional problems that plagued the Left Front’s industrialisation initiatives<sup>139</sup>. However, there remains to be told the story of the political core of the transition. The primary objectives of this chapter are therefore threefold: (1) to trace a continuous undercurrent of ambivalence on part of the CPIM leaders and ministers on issues related to industrialisation, and the lack of political consensus that this duality originated from; (2) detail the CPIM’s search for an *alternative* legitimising discourse in the hope of achieving consensus, and the ambiguities inherent within that discourse; and (3) to analyse *how* the CPIM leadership went about negotiating/explaining/justifying the renewed discourse and its stance on industrialisation to its own cadre base, trade union activists and other Left parties in the coalition. The overarching theme of this chapter is therefore to show how the management of the transition - both in its *intent* and *meaning* - came to be intensely politicised even within the higher echelons of the Left Front, contrary to Buddhadeb Bhattacharya’s surmise in the interview quoted above.

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<sup>139</sup> See Sinha (2004, 2005), Ghosh and De (2005), RayChaudhuri and Basu (2007), and Chakravarty and Bose (2009)

## 5.2 The Politics of Duality

### 5.2.1 A Return to *Bhadralok*<sup>140</sup> Calcutta

In studying the diverse political contours behind the management of the transition process, an appropriate starting point would be to describe the changes that gradually espoused the physical and cultural landscape of Calcutta during the 1990s. Riddled with halted industrialisation<sup>141</sup>, rapid loss of political ground in the urban centres, and a continuous criticism of dire infrastructural conditions, the Left Front took up the mantle of urban development, which in the course of the next decade became the primary spatial catalyst in its attempt at an economic rejuvenation<sup>142</sup>. The government aggressively sought to transform Calcutta into a world-class city, following the “predictable formula of elite enclaves of residence and leisure, economic zones to attract mobile capital, and civic campaigns to insure beauty and order in the city” (Roy, 2011:259). A number of efforts and initiatives are noteworthy in this context. The first was the Calcutta Mega City Programme (MCP), produced by the Calcutta Metropolitan Development Authority (CMDA) in May 1994, a Rs. 16,000 million plan, to be implemented over the next ten years. The second, and grander project, was the inauguration of New Calcutta on 1<sup>st</sup> June 1995, a township located on the north-eastern fringes of the city, outside the CMDA area, designed to house 500,000 people. The area consisted of two erstwhile villages, Rajarhat and Gopalpur, comprising large sections of cultivable land and water bodies.<sup>143</sup>

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<sup>140</sup> See Chapter 2.

<sup>141</sup> See Appendix 7 for an overview of the industrial economy of West Bengal post 1994.

<sup>142</sup> This was however, not a feature of Calcutta alone. Chakravorty and Gupta wrote as early as 1996, “there are signs that certain urban regions in India may be on the threshold of an economic boom similar to those that have transformed Kuala Lumpur and Jakarta in recent years. The Calcutta agglomeration is one such area” (415).

<sup>143</sup> The initial proposal included 10,000 dwelling units over 8.4 square kilometres, 1.5 square kilometres of a new business district and commercial complexes, 2.2 square kilometres of modern, pollution-free industries, 2 square kilometres for transportation hubs, 0.3 square kilometres for cultural facilities and 13.1 square

Along with urbanisation programmes, there were attempts to re-capture the public spaces of the city from illegal squatters, sometimes by force. The most notable of these attempts was a sudden move on the part of the government in December 1996 to evict informal vendors (or hawkers) from the city's pavements. For almost thirty years, the pavements of Calcutta were clogged with thousands of shabby kiosks, their illegal occupants relying on their CPIM 'safe vote' status for protection. But with increasing pressure to project a global image in order to attract capital, the municipality and police's euphemistically titled 'Operation Sunshine' saw them swept away (Chatterjee, 2004). The operation was led by one of the CPIM's most well-known faces, Mr. Subhash Chakrabarty (who ironically, enjoyed a reputation of being one of the mass leaders of the party), and was heralded world over. Newsweek magazine, in its March 1997 edition, commented that the "world's worst city" was cleaning up its act. Such initiatives<sup>144</sup>, even though at best only moderately successful, did manage to instil a belief among the majority of urban middle-class that their city was finally being restored to its original beauty and charm, a return to its traditional *bhadralok* image (Roy, 2002).

These changes gathered momentum once the top executive post of the state passed from Jyoti Basu to Buddhadeb Bhattacharya in November 2000. Heralded as an icon of the Bengali *bhadralok*<sup>145</sup>, Bhattacharya took upon himself the task of promoting the changed face of the

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kilometres for water and green areas (Chakravorty and Gupta, 1996). The plan has since undergone substantial modifications. The Calcutta Newtown (currently one of the most lucrative luxurious residential and commercial areas of the city) is now divided into three: Action Area I, mainly shopping malls and planned residential and commercial plots; Action Area II, (currently under development) the main business district along with large residential complexes; and Action Area III, primarily a top-end residential area and mini sub-townships. The township currently occupies approximately 28 square kilometres, more than three times originally planned.

<sup>144</sup>There were other similar (though not so successful) initiatives. In early 2002, a citizen's group brought a public interest litigation in the Calcutta High Court demanding the eviction of the settlers in a colony built around the railway tracks in the midst of Jodhpur Park, an exclusive south-Calcutta locality. The police were sent to evict the squatters as per the court order, but eventually had to retreat in the face of violent protests.

<sup>145</sup>In Bhattacharya, CPIM had found a new face that was finally accepted by the urban middle class. A Sanhati report describes him as "...one of them [the urban middle class]. Mr. Bhattacharjee had gone to Presidency College, he wrote books of poems and plays, he translated Mayakovskiy and Marquez. Bhattacharjee is not a

civic and cultural administration of the city. There was some initial scepticism regarding his ability to do so, as noted in the following lines from an editorial published by The Telegraph<sup>146</sup> immediately after he succeeded Basu:

To meet this challenge with any degree of assurance, Mr Bhattacharya needs to be his own master. This he is not. He has to reckon with orders from his party headquarters in Alimuddin Street, the claims of the various constituents of the Left Front and the intangible demands emanating from Mr Basu's legacy. Moreover, Mr Bhattacharya, because he is such a loyal party man, may not have the political and ideological inclination to take on the challenge (8<sup>th</sup> November 2000).

However, compared to his predecessor, Bhattacharya portrayed a more liberal and pragmatic image of both himself and the party almost from his first day in office. He issued several statements regarding his willingness to engage more with the opposition, making industrialisation his main priority, promoting work culture among state government officials, etc. The Telegraph further commented:

There is a hint that the new chief minister of West Bengal, Mr. Buddhadev Bhattacharya, is going to act like a realist rather than as an indoctrinated ideologue (editorial, 10<sup>th</sup> November 2000).

Mr Bhattacharya must have raised the hopes of most sensible people...when he declared his belief that no government should be in the business of running hotels and newspapers. This is not the voice of a committed communist, but that of a realist who has learnt his lessons the hard way (editorial, 11<sup>th</sup> November 2000).

Bhattacharjee, just a little more than a week into his job...said he had made it clear to the CPM that he would not accept any day-to-day interference in the working of the government (editorial, 18<sup>th</sup> November 2000).

Mr Buddhadeb Bhattacharjee... has put the industrialization... at the top of his list of priorities. There is the recognition in Mr Bhattacharjee's statements that West Bengal is a laggard in the race to industrialize; there is also a clear statement of intent to make up for this lag. Mr

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doctrinaire. He has an affability... In sum, Mr. Bhattacharjee fits the bill. He was the face to sell the new CPM to the new clientele: the urban middle class and corporate houses. In the process CPM would emerge out of its vestigial socialist moorings". Source: <http://sanhati.com/excerpted/3576/> - accessed 30<sup>th</sup> April 2012.

<sup>146</sup> One of the leading English dailies published in West Bengal, known for its anti-establishment reporting style.

Bhattacharjee is not being complacent about this matter...[He] has gone on record to say that shirkers will not be tolerated. Mr Bhattacharjee is more concerned with governance and policy rather than with politics, which is best left to the apparatchiki in Alimuddin Street. Mr Bhattacharjee's attitudes seem to be right, time will tell if his decisions are equally correct (editorial, 21<sup>st</sup> November 2000).

These observations reflect a change in the mood of urban upper and middle class citizenry, who, usually frustrated at the state's derision owing to its stagnant economy and a disruptive political culture, for the first time in over two decades started to anticipate a change in priorities on the part of its political class. By the turn of the millennium, Calcutta, a city long teetering between imminent ruin and desperate remedy was finally brimming with optimism, at last on its way to becoming 'global' (Chakravorty, 2007).

### **5.2.2 An Underlying Duality**

The urbanisation project, in spite of the optimism surrounding it, was beset with several contradictions. The flyovers, skyscrapers, five-star hotels and glittering shopping malls only briefly overshadowed the parochial nature of the project and the subtle shift from an equity-oriented to a cost-recovery model<sup>147</sup>. However, the larger and inherent irony of the situation was that it was the communists, who once having championed the cause of dictatorship of the proletariat, now found themselves tasked with imposing the orderly claims of civil society against the carnival of the fringe. Chakravorty writes:

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<sup>147</sup> As Chakravorty and Gupta observe: "a major problem with [the MCP]...is that the majority of the projects are to be implemented in or just around Calcutta City...In the view of the facts that growth in the city has stagnated and there is considerable emigration from it, such an investment pattern belies all rhetoric and plans for decongestion and decentralisation...investments do not match reality, but reflect a consistent Calcutta-centric vision" (1996:425). The structural shifts in the budgetary allocations of the CMDA brought in with the MCP also show how sectoral spending priorities were evolving. For example, proportional spending on housing and new area development jumped from 9.5% (as a part of an earlier Calcutta 300 project allocation) to 36.3% in the MCP. The clear losers were drainage and sanitation, and slum development, whose shares went down from 31.4% and 12.1% in the earlier CUDP III (Calcutta Urban Development Project, 1983-92) to 15.5% and 1.7% in the MCP. Clearly, the CMDA was gradually taking over a new role - that of providing housing for medium and high-income groups and commercial facilities - on the basis of higher cost recovery margins.

The old industrial map has changed...The premises of defunct factories are being handed over to developers who build condominiums, malls and multiplexes. The patriarchal communitarianism of the neighbourhood has no place in these new enclaves. The fishermen of the eastern suburbs have moved out, with developers buying in every available piece of land flanking the eastern bypass. Derelict warehouses along the river may soon be converted into Singapore-style restaurants. The High Court has banned political processions and meetings on weekdays; crackers and microphones are illegal; the Election Commission has outlawed political graffiti. Communists now plead with their own trade unions to ignore the workforce in information technology so that American clients are not upset. The government has tried, with fitful success, to evict squatters and hawkers. The court and the army have ordered that messy fairs to be moved out of the Maidan. The primary task of the civic authorities now seems to be restricting access to public space and carefully licensing its use. The Maidan itself is being fenced off, and one has to pay a fee to walk in the gardens of the Victoria Memorial (Chakravorty, 2007:18).

What the above account masks in its satirical tone is that along with the promotion of a surface liberal image, a serious dilemma had originated and intensified in the corridors of power. In spite of the efforts to rebrand the state as an attractive investment destination, there remained an underlying yet continuous ambivalent attitude on the part of the CPIM leaders, even at the highest level. No one was willing to be seen openly courting private capital, including Jyoti Basu and Somenath Chatterjee, whose appeal to investors would always be carefully quoted with a detailed preamble of the discrimination-by-centre rhetoric. This attitude manifested in two distinct ways. On one hand, the government did not want to be seen pushing the bureaucracy too much to facilitate private investment proposals, while on the other, neither did they take on board certain recommendations by the bureaucracy which might have improved investment prospects. In the words of a senior CII official, the former attitude took the following form:

Throughout the 1990s, the CPIM exhibited a peculiar schizophrenic attitude - on one hand they wanted investment but at the same time they didn't want to be seen as promoting industries too much - bureaucrats were often asked to hold back and even act hard to get. The reason behind this dilemma was probably the ideological disorientation of the party itself, they didn't know which way they should be going - and no one wanted to rock the boat. So

even if there were governance compulsions, we couldn't project ourselves as eager for investment. It was a peculiar situation, pulling and pushing at cross purposes.<sup>148</sup>

An example of the latter attitude was a continuous ignoring of the poor infrastructural conditions of the state, and even that of Calcutta (as well as an increasing focus on real-estate projects instead of basic civic infrastructure). Dipankar Chatterjee, ex-Chairman CII (Eastern and North-Eastern regions), recalled:

We asked the government to clean up Calcutta, but in vain. They could not complete the feeder roads to the existing flyovers, delayed the Durgapur expressway project and many more. They took so much time to address the basic specific issues - such as construction of roads, issuing land, etc - that private entrepreneurs had no option but to forgo the intention to invest in the state.

But the problem ran much deeper than failing to improve ailing infrastructural conditions. He continued:

The problem was the mindset of the leaders - which never allowed them to bring all the implementation agencies to the table, discuss the issues and hammer out solutions. They may have been well intentioned, but intentions alone are never good enough.<sup>149</sup>

Prasad Ranjan Ray, former Home Secretary of West Bengal, gave a comprehensive description of the duality in the government's practices:

Firstly there was a serious lack of political will, particularly at field level. The intentions at the state level did not percolate to the lower levels. Secondly, even at the state level, the intentions were often mixed. In 1998, the government decided to set up an advisory committee which would meet industrialists and hear their demands and concerns. A number of sub committees were also set up to see how the existing procedures regarding industrial investment could be streamlined. Once these committees started operating, it immediately became clear that despite the commitments made in the 1994 statement and the subsequent initiatives, there were a lot of infirmities in the industrial approval procedure, and unless these were tackled, we were unlikely to get large investments. We came up with a series of recommendations which were published by the Department of Commerce and Industries in

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<sup>148</sup> Source: Interview (anonymity requested); 30<sup>th</sup> June 2009, Calcutta

<sup>149</sup> Source: Interview; 8<sup>th</sup> August 2009, Calcutta.

2000. But very few of these recommendations were ever set forth into action. Another important bureaucratic initiative was to encourage decentralised planning and having planned resources earmarked through the state finance commissions. But all the reports of the first commission were virtually negated by the finance department. The second commission again recommended similar resource allocation, and again met with a similar outcome.<sup>150</sup>

The most interesting example, one that aptly demonstrates the shifting political will even at the seniormost level, was the cancellation of an incentive scheme in early 2000. Mr. D.P. Patra (ex-Managing Director, WBIDC) recalled:

Up until 1998, the state persisted with its archaic incentive structure that was announced in 1992-93, while states like Maharashtra was offering lucrative incentives such as 27 years tax holiday. CII was given the responsibility to prepare a new scheme. What they eventually came up with was a proposal of even a lower incentive structure than the one that was currently operational. To my bewilderment, I was told that anything higher will not be *politically acceptable*.

By 1999, another scheme had been put into place which was to be announced at a partnership summit. The Finance Minister, Dr. Asim Dasgupta, was completely against it, but agreed reluctantly at the behest of Jyoti Basu. This scheme was finally made operational in June 1999. In the following seven months 149 new industries expressed their interest to come to West Bengal, the biggest influx at that time. But the scheme was suspended on 1<sup>st</sup> January 2000 due to some unknown reason. The biggest victim of this was Haldia Petrochemicals, the only flagship project the state ever had. Withdrawing the incentive scheme completely ruined the possibility of a downstream industry around Haldia, and as a result Haldia Petrochemicals could never realise its full potential. Its customers are at a mean distance of 2000 km away, whereas for the Reliance petrochemicals plant in Gujarat, the downstream industry is within 400 km.<sup>151</sup>

The industrialisation agenda was ideologically approved at the 1995 Congress of the CPIM, so what explains this duality in attitude and the resultant impasse? While observers such as Sinha view this impasse through the lens of sticky institutions and collective action problems<sup>152</sup>, there was a larger subtext to the story. It is important to understand that the challenges brought by the post-reform era were of a completely new kind for the CPIM. The

<sup>150</sup> Source: *Interview*; 30<sup>th</sup> August 2009, Calcutta.

<sup>151</sup> Source: *Interview*; 22<sup>nd</sup> August 2009, Calcutta.

<sup>152</sup> In addition to institutional efficiency related arguments, Sinha (2004) also emphasises that the politics of liberalisation in West Bengal was *fragmented*, i.e. the CPIM could never create potential winners of liberalisation, particularly in the countryside.

party could not fall back on its traditional rhetoric, nor could it ignore the potential for the state's economic growth. In effect, it was left grappling with the dual pressures of developing (and validating) a new development strategy and dealing with the ongoing changes in its own ideological discourse. The result was an initial impasse, or period of political indecisiveness that spilled over into the realm of policy making. "On one hand, the Left Front has sought to engage in a new set of developmental strategies. On the other hand, it has attempted to maintain old populisms, for example its mobilization alliances with the rural-urban poor. This tightrope balancing...has created a quite amazing impasse...in which developmental projects, including those sponsored by the state, remain stalled" (Roy, 2002:12).

This is precisely the point missed by the institutional accounts. While outdated institutional practices, bureaucratic delays and infrastructural inadequacies all intensified the impasse, it was, at its core, a political project, and more complex than a fragmented political agency battling against collective action problems. The party had to strike a balance between retaining and projecting its traditional *class character* whilst attempting a liberal policy makeover at the same time, and had little idea how to go about it. Saifuddin Choudhury, an ex-MP and party central committee member until 1995, described the situation as *chaotic*:

By the mid-1990s, a realisation had set in that the earlier ways and practices would not work, and the party needed to change. But there was hardly any clarity about how much to change and in what way. It was a serious contradiction. They had to stick to the traditional slogan of capitalists being the class enemies who need to be destroyed and yet find a justification for inviting them to the state. The only argument that the party came up with was that under the present circumstances they were compelled to depend on private capital, but will continue their opposition in principle and once societal relations become conducive for revolution or at least the party gains power nationally, there will be hardly any need for private capital. But why would industrialists come to the state if this is the declared attitude? In effect, it was a complete chaotic situation. The basic problem was that the party was not ready to admit that there is a role of private entrepreneurs in the economy of the state, and that rather than opposing them, the party should be looking at a renewal of its own ideas and responsibilities to ensure a successful cohabitation. Basically they wanted to create a facade or a super-

structure which would be pro-industry, and yet remain a revolutionary party at the core. This reflects a complete lack of political sincerity and ideological decisiveness.<sup>153</sup>

Mr. Chaudhury was part of a pro-reform faction within the CPIM, which advocated social-democratic principles. Eventually he left the party in 2000 and with Samir Pututunda (former Secretary of the South 24 Parganas District Committee, who also resigned from the party during 2000/01) formed the Party of Democratic Socialism (PDS) . Chaudhury's views are echoed by Debasish Chakrabarty, one of the chief party ideologues in West Bengal and the editor of the party's Bengali daily, *Ganashakti*:

In the early days of the Left Front, we used to open all rallies/demonstrations with the slogan *bamfront sarkar shangramer hatiyaar* (the Left Front government is an instrument of struggle). This was a part of our theoretical understanding at that point. We used to believe that these state governments would give a fillip to democratic movement in the country. But eventually we realised that this was an oversimplified argument. At the same time, having come to power on a promise of radical social transformation, our initial focus was on redistributive reforms, but we soon realised that the government cannot sustain on the basis of these reforms alone. Therefore, we came to understand that the Left Front cannot be an instrument for class struggle either at a national or even at the state level. Those earlier slogans then gradually died down. We could not claim our government to be an instrument of struggle any more, at best it could provide a helping hand, and that too we were not sure in what ways to proceed.<sup>154</sup>

Evidently, the source of this duality lay in a lack of ideological clarity. The idea of the PDF (People's Democratic Front- see Chapter 3) as the fundamental building block of the CPIM's ideological discourse had been criticised by both external observers as well as party members in the light of the post-1990 changes. As Roy writes, "in the Indian context at least, Kolkata belies any argument about Leftist exceptionalism. Neoliberalism has been as much at home in this Marxist ruled region as it has been elsewhere in the country" (2011:259). While such an observation may be too harsh, Chakrabarty's views noted above testify that the party's

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<sup>153</sup> Source: *Interview*; 31<sup>st</sup> July 2009, Delhi.

<sup>154</sup> Source: *Interview*; 22<sup>nd</sup> December 2009, Calcutta.

revolutionary credentials had even come to be doubted by some party ideologues. A close reading of the party documents from 1990 onwards reveals a similar marginalisation of the rhetoric of people's democratic revolution. Instead, the new rhetoric that started to surface was one of governance. The 19th West Bengal State Party Congress in 1998 admitted that "our aim is a developed, people-oriented and sensitive Left Front government". But the existing ideological discourse provided little guidance about how this might be achieved. Furthermore, in the absence of a clear legitimising discourse, party members and even ministers were not sure what would be politically acceptable to the traditional class character of the party. Therefore, towards the end of the 1990s, party ideologues took upon themselves the task of updating the existing discourse, and explaining the party's role in promoting a private-capital led industrialisation model in West Bengal. This, in turn, sparked intense factional tension both within the party as well as the entire Left Front. These ideological and political debates that form the core of the transition process in West Bengal are explored in the following sections.

### **5.3 The Ambiguities in Search of an *Alternative* Legitimising Discourse**

#### **5.3.1 Lack of an Ideological Consensus within the CPIM**

The debates about industrialisation that arose in the CPIM during the 1990s, as the views of Saifuddin Chaudhury and Debashish Chakrabarty clearly articulate, were a subset of a larger debate over the party's revolutionary ambitions. After the fall of the Soviet Union, a social democratic faction originated within the party, which engaged in a serious debate with the traditional ideologues about whether the party should move away from its original objective of establishing a dictatorship of the proletariat and accede to a commitment of working within a pluralistic democratic set up. Associated debates also arose about the democratic centralist

functioning style, with the reformist faction arguing that the democratic functioning within the party had become a casualty of centralist behaviour. Issues such as the separation of judiciary, legislature and executive were all a part of these debates. While the industrialisation question was not initially at the forefront, it became one of the key issues post-1994, particularly in its articulation of the idea of *alternative* policies<sup>155</sup>.

The social democratic faction - led by both relatively young faces in the party like Saifuddin Chaudhury and Samir Pututunda, and also old and popular leaders such as Radhika Ranjan Pramanik - was in favour of the industrialisation agenda, but questioned the idea of *alternative* policies from a theoretical standpoint. Samir Pututunda recalled:

After the Soviet disintegration, a draft resolution on ideological issues was circulated in the party before being placed at the 14<sup>th</sup> Party Congress. The resolution admitted that the complexity of the situation and the issues being questioned, encompassing a history of nearly a century of human civilisation, demands a wide, extensive and in-depth study. Furthermore, it went on to admit that given the pace of developments, only some preliminary conclusions can be drawn at that stage. We then argued that until and unless this in-depth study is conducted, a conclusive amendment of our earlier ideological stand is not possible and the party should not adopt a full length resolution till then. The idea of *alternative* policies is therefore bound to be a half-baked one, without a proper analysis of what alternatives the current world situation actually presents before us, becoming an incomplete theoretical understanding. It was also because of this reason, that I proposed an amendment to rename the resolution by including the word 'certain' in the title. The resolution accepted at the congress was eventually titled as a resolution on *certain ideological issues*, indicating that the task of ideological amendment remains incomplete.<sup>156</sup>

At the other end of the spectrum was a dominant section of party hardliners in the central leadership (often referred to by party members in the West Bengal as the *puritan* group) who wanted to adhere to the traditional ideological discourse. They formed a core part of the party's central decision-making structure (the politburo and the central committee) and

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<sup>155</sup> In response to questions raised by party members, the formulation of *alternative* policies was emphasised in the CPIM central committee resolution "On the Role of the West Bengal Left Front Government in the Context of the New Economic Policy". It was adopted in 1994 as the long-term objective of the industrialisation agenda of the party in the state (see Chapter 4 for details).

<sup>156</sup> Source: *Interview*; 12<sup>th</sup> September 2009, Calcutta.

included senior members such as E. Balanandan, V.S. Achuthanandan, S. Ramachandran Pillai, Sunil Maitra, and E.K. Nayanar, as well as relatively younger faces such as Prakash Karat and Sitaram Yechury. The debates between these groups continued to intensify throughout the 1990s, assuming threatening proportions in 1996 when it appeared that Jyoti Basu was about to become India's first communist Prime Minister, only to be thwarted by the party hardliners themselves. Three-quarters of the central committee members voted against the nomination of Basu as the prime ministerial candidate for the United Front coalition<sup>157</sup>. The 19<sup>th</sup> CPIM West Bengal State Congress report admits:

A serious debate originated within the Central Committee after the 1996 Lok Sabha elections on the question of joining the government at the centre...Unfortunately the disagreements came out open in public...and were also reported in the politburo circular...In West Bengal, at least some comrades from almost all districts had suspicions about the Central Committee decisions, and even the leadership in one or two districts expressed their disagreements...Though these disagreements did not translate into organisational problems in most of the state, a serious factional conflict originated in two districts, and the entire party was sharply split vertically (CPIM 19<sup>th</sup> State Congress, 1998:55, *translated*).

In between the social democrats and the hardliners, the organisationally significant state party leadership in West Bengal took the pragmatic stance of maintaining ideological subservience to the central leadership, while gradually moving along a pro-market development model as far as state affairs were concerned. As discussed previously, the move was spearheaded by Jyoti Basu and Somenath Chatterjee, and by the mid-1990s leaders like Buddhadeb Bhattacharya and Nirupam Sen (who held the commerce and industries portfolio in Bhattacharya's cabinet) had also risen in stature. This pragmatist faction also had the support of the non-hardliners in the central leadership, particularly from the two stalwarts E.M.S.

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<sup>157</sup> The United Front was a coalition government of 13 political parties formed in India after the 1996 general elections. The coalition formed two governments in India between 1996 and 1998, headed by two Prime Ministers from Janata Dal - H. D. Deve Gowda and I. K. Gujral.

Namboodiripad and Harkishen Singh Surjeet, and gradually came to exert a significant influence over the ideological discourse of the party. There were some state level leaders known to be ideologically inclined towards the hardliners - such as Abdur Razzak Molla (Minister of Land And Land Reforms, 1997-2011) - but they were far less influential where decision-making in the state was concerned. The slow pace of the transition during the 1990s can be traced back to this middle path that leaders such as Basu and Chatterjee chose to walk, maintaining an ideological status quo and moving along the path of transition only very gradually, until a clear ideological consensus was reached across all factions.

### **5.3.2 The *Alternative* Policy as a Legitimising Discourse and its Ambiguities**

It is in this context that the idea of *alternative* policies became important, as it gave the party leadership in West Bengal a legitimising discourse to push the industrialisation agenda forward. However, existing ideological contradictions about the nature of these alternatives (as discussed above) also spilled over into the realm of policy-making. In a resolution titled “On Industrialisation in West Bengal” adopted at the 19<sup>th</sup> West Bengal State Congress of the CPIM, the following observations were made:

The state government has adopted an alternative policy...which has created a conducive environment for industrialisation...However, the policy of economic liberalisation pursued by the central government is creating an impediment to our efforts...Unless the policies of economic liberalisation are defeated, our state cannot reach its declared goals. Under the present circumstances, there is no alternative other than encouraging private capital to invest in the state (CPIM 19<sup>th</sup> West Bengal State Congress, 1998:103-104, *translated*).

These are blatantly contradictory statements. On one hand the party seems to be claiming that it is pursuing an alternative policy that is opposed to the policies of economic liberalisation, while on the other it admits that there is no alternative to encouraging private capital to invest

in the state. Also, it is not at all clear how the party proposed to defeat economic liberalisation by attracting private entrepreneurs. On the contrary, the 1994 central committee resolution (tabled in the 15<sup>th</sup> Party Congress) had already admitted:

today with deregulation and delicensing, it is up to the Left Front Government to initiate steps to attract capital investment in West Bengal. This can be done only by allowing greater investment of private capital in various sectors. This is the basis on which the Left Front government has to adjust its policies in West Bengal to meet the new situation brought about by the Centre's policy of liberalisation (15<sup>th</sup> Party Congress of the CPIM, 1995:100).

These statements clearly indicate a lack of understanding of the party's stand on issues related to promoting industrialisation in states where it is in power. To resolve these ideological conflicts, the CPIM leadership undertook the task of updating the party programme, taking into account the experiences of running state governments both in the pre- and post-liberalisation phases. The political-organisational report of the 19<sup>th</sup> Party Congress recalls the necessities that spurred the party to do so:

The Left-led governments formed after the 1964 programme was adopted could not serve their full terms and had short tenures. Both the UF governments in West Bengal in 1967 and 1969 had a combined tenure of less than two years. The Kerala UF government lasted a little over two years. The emphasis of such governments was to utilize the government to bring some immediate measures which can help unleash the mass movements and strengthen the Party's base...and bring some immediate relief to the people<sup>158</sup>...That situation changed. After the experience of the Left Front government in West Bengal for more than two decades and the full terms of such governments in Tripura and Kerala it was not sufficient to talk in terms of carrying out a *modest programme of giving immediate relief to the people*...[P]eople expected these governments to also provide development and raise their living standards. Therefore, creating employment, public education and health facilities, provision of basic services had to be on the agenda of the state governments (CPIM 19<sup>th</sup> Party Congress Political Organisational Report; 2008:60-61).

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<sup>158</sup> See the discussion on the 1964 party programme and its emphasis on providing relief in Chapter 3.

It is clearly evident in the above that the party had moved away from the rhetoric of government as an instrument of struggle. It is believed that the pragmatic faction within the party played a major role in persuading the hardliners to accept these changes, emphasising the compulsions of staying in government. The party programme was finally updated in 2000. The most crucial change was a revised formulation on the role of state governments in paragraph 7.17<sup>159</sup>, where it was earlier envisaged that state governments would only provide *modest relief* to the people. The updated programme revised this to:

[T]he Party will utilise the opportunities that present themselves of bringing into existence governments pledged to carry out a *programme of providing relief to the people and strive to project and implement alternative policies within the existing limitations* (CPIM Updated Party Programme, 2000; *emphasis added*).

Therefore, after more than two decades in power in West Bengal, the CPIM formally accepted that the role of a communist government had to be more than just providing modest and immediate relief, and promised that its governance responsibilities would be carried out via a set of alternative policies. The next task was to elaborate on the nature of such policies, which the party debated over the next few years, and formalised at the 18<sup>th</sup> Party Congress in 2005. In discussing the idea of an *alternative*, the political organisational report of the congress made the following crucial observation:

The struggle for an alternative socialist order has to be based on the revolutionary transformation of the existing order. **This, in turn, needs an engagement (i.e. joining issues) of the revolutionary forces with the existing world realities with the sole objective of changing the correlation of forces in favour of socialism.** This process of revolutionary transformation has to be based on such an engagement and not on the wishful thinking of escaping from the existing realities. **The entire history of the revolutionary movement led by the working class is the history of such an engagement with the existing realities in order to shape the material force**

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<sup>159</sup> Within party circles, the phrase 'update in paragraph 7.17' has become an important coinage since 2000.

**required to establish the alternative in socialism** (CPIM 18<sup>th</sup> Party Congress Political Organisational Report, 2005:29; *emphasis in original*).

There are two specific clarifications in the above formulation. Firstly, the party clearly believes that the *alternative* has to be a socialist one. Secondly, it proposes to strengthen its revolutionary forces by actively *engaging* with existing socio-political realities. The congress went on to discuss the nature of such engagement in detail, and outlined the party's approach towards globalisation, international financial capital, the public sector, withdrawal of the state from welfare schemes, NGOs, etc. It concluded by saying that “[b]y addressing all these crucial areas which are the products of the developments since the adoption of neo-liberal reforms in India...the Party has defined its approach and guidelines”, but also tried to balance the approach by emphasising its socialist character: “[m]any of the conclusions drawn on the basis of this analysis must serve as the instruments of popular mobilisation against imperialist globalisation. For...the alternative to imperialist globalisation is only can only be socialism...In the concrete conditions that we face in India...the conclusions drawn serve as guidelines for intensifying the CPI(M)'s popular intervention and strengthening the Left progressive movement in the country which will form the core of the struggles to achieve the socialist alternative” (Yechuri, 2006:47).

Whether the above modifications indicate a reformist trend or a deviation from Marxism-Leninism is a theoretical debate in its own right. The point that needs to be emphasised here is that from the late 1990s, the CPIM was engaged in a continuous effort to formulate a legitimising discourse which would validate the actions of the Left state governments - as they moved away from providing relief to more elaborate governance duties - by giving these actions a socialist stance. This was finally completed in the 18<sup>th</sup> Party Congress by arguing

that the actions of the state governments are a form of engagement with the forces of neo-liberalism which would strengthen the party's core struggle to achieve socialism.

However, what is extremely interesting is the subversion of this ideological stance by the state leadership in West Bengal, and giving the *alternative* idea an altogether different spin to justify the intense promotion of a private capital led development model under the stewardship of Buddhadeb Bhattacharya and Nirupam Sen.

The idea of implementing *alternative* policies was discussed in a series of West Bengal state committee meetings from 1999 to 2001. These discussions led to the publication of two important party letters, numbered 3/99 and 3/01<sup>160</sup>, which have since become the operative basis of the government. Letter 3/01 explains:

It is unrealistic to expect the Left Front government to oppose the attack by the forces of neo-liberalism within the current socio-economic environment of our country. These impractical expectations are arising from a lack of understanding about the strategic modifications necessary for the Left Front programme, so that the increasing limitations and compulsions that our government faces under the current environment can be successfully countered. There is no alternative to adopt a pragmatic viewpoint about the situation and explain that to the people (party letter 3/01; unpublished; *translated*).

The 20<sup>th</sup> West Bengal state congress of the party adopted the resolution 'Left Front Government and Our Tasks', in which, on the basis of the above observation from letter 3/01, the following admission was made:

The Left Front Government is trying to protect the working class via an *alternative* policy. This is *not an alternative to capitalism. Under the present federal structure of our country, no such alternative can exist* (CPIM 20<sup>th</sup> West Bengal State Congress, 2002:77; *translated and emphasis added*).

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<sup>160</sup> Source: Collection of Party Letters, CPIM, various years.

This is in complete contrast to the position taken by the central leadership - that the party is engaging in a socialist alternative. Nirupam Sen, one of the chief ideologues from the state party leadership, wrote a series of articles in various party publications explaining what the alternative policies stood for in the context of West Bengal. These articles were compiled in a book entitled *Bikalper Shondhane* (In Search of an Alternative), which has become the key reference on all ideological clarifications related to the functioning of the Left Front. In his writings, Sen clearly admits that “the alternative specified in the party programme, *is not a socialist alternative*” (2008:2; *translated and emphasis added*) and asserts emphatically:

West Bengal is not a socialist state. There has been no attempt to bring socialism in West Bengal. Even a People’s Democratic Front has not been established here. The path that the state is on is a capitalist path (*ibid.:192; translated*).

The absolute contrast between the ideological position taken by the central leadership of the party and the interpretation adopted by the West Bengal state leadership is highly surprising. The question that obviously follows is how could such a difference be allowed to endure, and more importantly, be explained to the rank and file of the party? There are two explanations, the first theoretical, where an additional spin was added to the admission that the state was on a capitalist path, relating it to the rhetoric of the people’s democratic revolution. Sen explains:

Our aim is to complete the unfinished tasks of the people’s democratic revolution... the weakest link in the bourgeoisie-landlord rule...is the link between capitalism and feudalism...The Left Front government should work towards weakening this link even further...and this is what our idea about an *alternative* is embedded. If the link can be weakened, then capitalist forces would expand more quickly...We know capitalism is an advanced stage than feudalism, but inferior to socialism...therefore we cannot avoid the intermediary stage in our quest for socialism (*ibid.:4*).

How can this link be weakened? Sen goes on to elaborate:

We cannot protect the common people from the inevitability of capitalism. But unless we can reduce the number of people dependent on agriculture and make them dependent on industry instead, no development can take place. So we need to

industrialise our state, and invite private capital in order to do so...allow it to make profit, be competitive and productive. Otherwise it will go to other states and avoid us (ibid.: 66).

Read in isolation, the above is a perfect neoliberal argument. However, when read together with the preceding quote, it assumes a different character altogether. To put it simply, Sen and other CPIM leaders have been arguing since 2000 that it is only by expediting the capitalist forces in West Bengal that they can abolish the remnants of feudalism and prepare for the eventual transition to socialism. As per the Marxian stages of revolution, only when a fully fledged capitalist society develops do the contradictions inherent within capitalism intensify, and society progress to a socialist era. Therefore, the government should intensify its efforts to industrialise West Bengal via private capital, as only then would an eventual transition to socialism be possible.

Once again, the theoretical merits of these claims are debatable, and Left ideologues such as Ashok Mitra and Prabhat Patnaik have launched vehement criticisms of the CPIM, accusing it of a theoretical crisis and ideological degeneration. Entering a critique of whether such a formulation is a deviation from (or a misrepresentation of) classical Marxian political economy is, however, beyond the scope of this work.

Patnaik goes on to warn that if the Left falls prey to this argument, of initially allowing a capitalist transformation with the plan of overthrowing it later, it will amount to self-annihilation and its incorporation into the structures of bourgeois hegemony, entailing a transformation of the Left into a 'Blairite' entity. "The moment of that passage from capitalist transformation to the transcendence of capitalism will never come as some natural historical break, and if there is no such discontinuity then this entire distinction between two phases becomes invalid" (Patnaik, 2009a:10). In fact, Patnaik describes the *alternative* policy of the

Left Front as no different from the dictates of the neoliberal paradigm, and similar to what other non-Left states in the country follow. The scope to create a true *alternative* - even if limited for a state government - must be based on the Left's anti-imperialistic struggles, not on a compromise with the forces of imperialism and neoliberalism. The true nature of the crisis of the Left in India - theoretical as well as electoral - lies in its anti-imperialism being insufficient (ibid.; Patnaik, 2009b).

To summarise, the idea of an *alternative* policy that gradually took shape within the CPIM was a theoretical exercise in search of a legitimising discourse that would strike a balance between its revolutionary credentials and governance compulsions, and also help the factions within the party to arrive at a consensus. However, the discourse failed to address the core ideological contrast between the positions taken by the central and West Bengal state leaderships. While the former claimed that the only *alternative* to capitalism is socialism and the idea of an *alternative* policy is essentially a socialist one, the latter defined capitalism as *an essential condition that must be fulfilled before socialism can be achieved*, and that is what the *alternative* policy of the Left Front aspires to. Party leaders from either side rarely acknowledge this fundamental ideological conundrum in public, but it is hard to deny that the party's approach at a national level and in West Bengal had taken divergent routes. Sen himself admits:

Forming government in one state cannot have anything to do with socialism. The idea of a transformative struggle, discussed at the 18th party congress is true, but from a larger all-India perspective. Nationally, the fight to transform capitalism is one of our main agenda....But in West Bengal, we are essentially carrying out a bourgeoisie task, and therefore there is absolutely no question of proposing an alternative to capitalism, the *alternative development model* that we speak of is essentially adopting a pro-people attitude while accepting and operating within a capitalist structure.<sup>161</sup>

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<sup>161</sup> Source: Interview; 22<sup>nd</sup> September 2009, Calcutta.

These contradictions in the party's ideological discourse not only led to a one step forward–two steps backward approach as far as industrialisation initiatives in West Bengal were concerned, but also prevented the party leadership from engaging in clear discussions with its own membership to explain the necessity behind such initiatives. Furthermore, while the rationalisation by ideologues like Sen may have placated some of the debates within the party, it came under serious criticism not only from the likes of Patnaik, but also from coalition partners such as the Revolutionary Socialist Party (RSP) and Forward Block (FB), opening up new grounds for factional tension. Most importantly, these theoretical debates, while crucial in understanding the overall orientation of the party, have always remained confined to higher party circles, rarely reaching the grassroots. Taken together, the task of negotiation both within and across party/coalition lines presents the second dimension of the entire transition exercise.

## **5.4 The Politics of Negotiation**

### **5.4.1 Lack of Negotiation and an Increasing Disassociation within the CPIM**

Intra-party negotiation, particularly for a cadre-based party like the CPIM, is not only vital to upholding its democratic credentials, but also to build a consensus among the cadres responsible for executing the party's policies at ground level. The CPIM had a rich heritage of conducting party-classes that were not only intellectually stimulating, but also provided an opportunity for ordinary members to engage in dialogue with party stalwarts. Unfortunately, these practices have been in continuous decline over the last few decades.

As discussed in the previous chapter, discussion of the 1994 Statement was severely limited within the CPIM itself, let alone with coalition partners and virtually non-existent with the rank and file of the party . Once agreement was reached within the party leadership over its

approach to industrialisation, the question of explaining the necessity of the transition to its cadre base was raised, but rarely addressed. Samir Putatuda recalled:

The party had made a shift and intended to work along the new line, therefore its stand needed to be made clear among the common people through political or development campaigns. This was a task of the cadres of the party - who therefore should have properly been made aware of the newly accepted line. The party did realise the importance of this task, and it was decided by the leadership that all party workers will need to be *tuned up*. But unfortunately, this never happened- especially in areas where this was really crucial- mainly due to disagreements over the stand among top leadership of the party (*emphasis added*).<sup>162</sup>

These disagreements, as explored in the previous section, stemmed from either a lack of clarity on the ideological questions or a tendency to play safe by sticking to the traditional class-character of the party. As a result, only lip service was paid to the task of *tuning up* party workers. At the time of the 19<sup>th</sup> West Bengal state party congress in 1998, hardly any party classes had been organised where the issues of policy transition, ideological modification, and governance compulsions could have been properly discussed. The congress report states:

No party education camps were organised following the 18<sup>th</sup> congress...some initiatives were taken in Calcutta and the surrounding areas, but no programme was launched to reach workers in the rest of the state (CPIM 19<sup>th</sup> West Bengal State Congress, 1998;45; *translated*).

One of the main problems that the party faced, the report admits, was the lack of people capable of initiating discussions at lower levels. In the few camps run by state level leaders, there was no arrangement to circulate written notes, and district level party workers were not capable of taking their own notes to continue the discussions 'further down'. From the reports collected from all districts prior to the state congress, it was apparent that apart from Howrah,

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<sup>162</sup> Source: Interview; 12<sup>th</sup> September 2009, Calcutta.

Midnapore, Burdwan and Bankura, party classes involving the local committees were non-existent. Where forums were organised, the absenteeism rate was more than 50%. Districts such as North and South 24 Parganas, North and South Dinajpore, Jalpaiguri, Darjeeling, and Kochbihar performed particularly badly in this respect. The situation barely improved over the next decade. The 21<sup>st</sup> state congress, organised in 2005, observed that to that date there had been only one education camp and three lectures, all at the state centre. The situation in the districts largely remained the same.

There were a number of organisational issues that also proved detrimental to a proper dissemination of the changes happening at higher levels. The 19<sup>th</sup> State Congress Report highlights some:

There is serious lack of coordination between party committees working at different levels. The district committees do not directly send their reports to the state committee...the state committee coordinates with the central committee but hardly sends its reports to the district committees. There is also no formal arrangement of coordination within districts- between district, zonal and local committees...There are many party members in various district committees who have no clear idea even about a single zone in their districts, similarly many zonal committee members are not aware of the happenings in their own local committees. There is a serious lack of commitment among members in several districts when it comes to interacting and assisting with the lower levels, and logically explaining to them the decisions taken by the party leadership...In fact, at the lowest levels, most of our comrades are not even party members (ibid.:48-9).

These organisational issues, while significant on their own, also point to an increasing disassociation among the party leadership and its wide member base, particularly on ideological and policy matters. It was a two-way problem. On one hand only a limited (and decreasing) section of party members tried to actively engage with the leadership on questions of ideology and policy, and on the other, there was a tendency on the part of the leadership to ignore comments/questions from the members. This disassociation was starkly

portrayed once the party began to update its programme. Initially, the draft of the updated programme was circulated among all party members across the country, but on an issue as fundamental as this, the majority of amendments came from one district in West Bengal, South 24 Parganas, with other districts proposing only a few or even none. The condition in the rest of the country was even worse, with 70% of all amendments proposed originating from West Bengal (*Report of the Central Committee on the Amendments Received on the Draft Programme*, unpublished). Such limited engagement with fundamental ideological questions shows the lower level lack of interest in issues related to the party's overall orientation. On the other hand, some important questions raised in the amendments proposed were brushed aside:

1. A number of amendments have come...about the *mistakes* committed by the party. The draft states, 'in the course of arduous struggles, the party registered substantial achievements while committing some mistakes. As a party committed to self-critical analysis of its success and failures, the party consistently strives to learn from its mistakes...' The reference to *mistakes* led to a large number of amendments...[enquiring] what mistakes? Delete the reference to mistakes...we cannot go into what the mistakes are (pg. 2).
2. No amendments can be accepted on the Soviet Union setback as that would mean opening up a whole area of discussion (pg. 3).
3. Another trend of amendments from South 24 Pargana is to highlight the positive aspects of the Constitution and underplay the class conflict...This cannot be accepted (pg. 5).
4. A number of comrades...have tried to emphasise the fact that parliamentary democracy has matured and has come to stay in India after fifty years. It seeks to highlight the fact that because of people's movement, parliamentary democracy has become a permanent feature. The implication is that there is no serious threat of an authoritarian attack on democracy from the ruling class. This approach will foster illusions and has to be rejected (pg. 6).
5. Some amendments raise fundamental questions...advocate a new understanding of the Indian State and to argue for working within the system to bring about a basic transformation. We reaffirm the stage of revolution is democratic and the need for replacement of the present Indian State by a people's democratic state (pg. 7).

*(Report of the Central Committee on the Amendments Received on the Draft Programme, unpublished.)*

The above excerpts establish two specific points. Firstly, there was a serious lack of commitment displayed by the central leadership to actively addressing the concerns of party members. Most of the amendments on crucial ideological questions were dismissed without even a proper discussion. Secondly, rejecting some of the amendments on parliamentary democracy and the nature of the Indian state reinforced the ideological double-speak within the party. The central leadership clearly wanted to retain its revolutionary core and the rhetoric of people's democratic state, whereas the West Bengal state leadership - as discussed in the previous section - articulated quite a contradictory position.

Another point needs to be made regarding the lack of negotiation within the party. Some of the most popular faces among the state party leadership - who could have played key roles in engaging the lower levels - remained surprisingly inactive on the grounds of what can only be described as benign ideological optimism. Abdur Razzak Molla was one such, who remains to the present day one of the most popular mass leaders of the CPIM. However, explaining why the party never actively engaged its supporters in explaining the necessity of the transition, Molla said:

Hardly any explanation/negotiation was ever carried out, especially engaging the party cadres at the lowest levels. The party had assumed that given the success of the land reforms and end of feudalism in the rural areas via democratic decentralisation, the consciousness level among rural people must have gone up. The obvious corollary of assuming that the people in the state are now more politically conscious was that they would automatically understand and accept the necessity of a transition to industrialisation.

In retrospect, this was a wrong assumption. In the absence of any negotiation initiatives, the policy transition had been super-imposed by the party leadership, and definitely created a lack of credibility among the lower level of party supporters.<sup>163</sup>

This is an extremely interesting observation, especially coming from a popular and top level state leader. It reinforces the argument that after fifteen years in power, there was an increasing divergence between grassroots activities and the views at the top. The situation at ground level was significantly different from the kind of understanding even mass-leaders such as Molla had, with disengagement between district-zonal-local levels becoming a serious problem. It should also be noted that all this time the industrialisation scenario in the state was not anything to boast about. Until 2000, apart from the two prolonged projects of Haldia Petrochemicals and the thermal power plant at Bakreshwar (the state playing a key role in both) there was little influx of private capital. The only major industry house that started operating during this time in West Bengal was Mitsubishi Chemicals. This apart, until 2006, the state had not had a single flagship project to prove that it had been able to solve the capacity problems and change the culture of political interference at ground level. Therefore, the entire debate around industrialisation and policy orientation remained primarily a theoretical one, in which only the higher echelons of the party actively engaged. In the absence of concrete changes at ground level, the state/district leadership was unwilling to engage in theoretical justifications of the party's stance, nor would have such sessions attracted members at large.

Taken together, the issues of organisational problems and a growing disassociation between the higher authorities and the vast cadre base of the party on questions of policy and practice did nothing to encourage negotiations. Ideas expressed at the top rarely percolated down to

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<sup>163</sup> Source: *Interview*; 25<sup>th</sup> June 2009, Calcutta.

the lowest levels, and given the conceptual differences among central-state-district leaderships, whatever little did reach the workers on the ground was in the form of politically coloured instructions with an eye towards maximising localised benefits, instead of a logical justification or an attempt at engagement.

#### **5.4.2 Emergence of *Brand Buddha* and Factional Tension within the CPIM**

The party leadership in West Bengal, as previously discussed, had come to be dominated by the pro-reform faction during the 1990s, which enjoyed a clear majority both within the party and the government. Jyoti Basu's task was more difficult than that of his successor, as not only did he have to formulate the Statement on Industrial Policy and oversee its passing in the assembly, but he also had to make sure that the changes in the state did not irk the party high command. His tenure is often described as one that, at best, maintained a status quo, but the political compulsions of trying to gradually adopt a pro-market stance - albeit in rhetoric - while maintaining ideological subservience to the high command meant that a more aggressive tone could have been detrimental. The situation was much changed by Buddhadeb Bhattacharya's time. An ideological consensus had already been achieved via updating the party programme in 2000 and the declarations in the 2002 party congress, thereby legitimising the perusal of industrialisation coated with the rhetoric of *alternative* policy, the social-democratic faction had parted ways, and most importantly, the transition - though hardly negotiated with party members at lower levels - had gained a general acceptance within the party, and was being cheered by the urban middle class. The stage was therefore set for Bhattacharya to push for active promotion of the industrialisation agenda. Soon after becoming Chief Minister, on the 25<sup>th</sup> anniversary of the Left Front government, he described the government's outlook:

Ours is an alternative path of development aiming at raising the common man's standard of living and promoting activities for the overall progress of the State...In the present economic system of the country, the private sector plays an important role. We urge the private sector to make more investment in order to build a prosperous West Bengal... (GoWB, 2002;ix-x).

Bhattacharya, unlike his predecessor, was also clear in his description of the transition as one from agriculture to industry. Moreover, he was emphatic both in his admission of pursuing a path of capitalist development as well as rejecting accusations of ideological deviation, arguing that ideological positions must be formulated based on reality.

We are facing a transitional period of development; from agriculture to industry...I am very clear about what we are trying to do. If we fail...then the benefits we gained from our agricultural policies, from land reforms, will collapse. It is high time now that we move from agriculture to industry... Another point being raised is that industrialisation means capitalist development. Yes, I cannot build socialism in this part of the country. This is not possible. If you want industry you have to ask all industrial houses including big business to invest...Ideology is not an abstraction and will have to be applied according to the situation.<sup>164</sup>

Bhattacharya also created a part-economic, part-emotional rhetoric explaining the need for this transition through his writings, speeches and interviews. He argued that the government had been able to create and sustain a foundation of prosperity based on high levels of agricultural production, as a result of which the purchasing power of the peasant class had increased. At the same time, economic prosperity had increased the aspiration of the younger generation for a better livelihood. In *The Marxist*, a quarterly journal published by the CPIM, Bhattacharya wrote:

West Bengal has been able maintain a sustainable growth rate of 4 per cent for more than last ten years....Our kisans [peasants] possess the highest purchasing power of industrial goods in the whole of the country today in the retail sector...The members

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<sup>164</sup> "It is high time we move from agriculture to industry": Interview with Buddhadeb Bhattacharya, *The Hindu*, 27<sup>th</sup> February 2007.

of a kisan family till the land through generations. The first generation, despite having received education, may yet be willing to accompany the father to the field. The second generation does not. They are not willing to go back to the fields after passing out from schools and colleges (Bhattacharya, 2007:2-3).

He went on to argue that continuing with an agriculture based development model would lead to a stagnating and eventually regressing economy, as not only had the cost of agricultural production gone up, but there were other problems such as the lack of viable marketing mechanisms. What then was the alternative? The answer was a gradual transition towards an industrial economy:

We must bring about changes gradually, and I use the word with deliberation. We must maintain food security but increase the share of the industrial sector, *gradually reducing that of agriculture*. This is the general trend of the economy...65 per cent of the population of this state is involved with agriculture and allied activities...Is this a picture depicting high standards? We cannot agree with the postulate that agriculture is the last and final stage of development and that we have to stay at the place that we have reached. (ibid.:4; *emphasis added*).

While arguments by ideologues such as Nirupam Sen remained largely a theoretical exercise, the rhetoric above assumed prominence both in the party and the government. The electoral slogans for the Left Front during its campaigns for the 2002 and 2006 state assembly elections were based on these ideas. In 2002 the strapline was *bamfronter bikolpo unnototoro bamfront* or '*The alternative to the Left Front is an improved Left Front*', and in 2006 *krishi aamader bhitti, shilpa aamader bhobishyot* or '*Agriculture is our foundation, industry is our future.*'

It is difficult to differentiate Bhattacharya's arguments from a standard neoliberal logic, apart from the occasional oblique reference to an *alternative* path and the conditions in China, for example:

“In China, the share of agriculture in the GDP is just 14 per cent. We do not say that the Chinese model is our model. They had to struggle when they were ushering in change. Wage differential between urban and rural areas is a fact. The migration of population from the rural to the urban areas has been a problem. However, the transition from agriculture to industry is an inevitable phenomenon both in capitalism and in socialism” (*ibid.*).

However, theoretical debates about whether these ideas were in accordance with the tenets of Marxian political economy, or any further discussion on the nature of the *alternative* policy were gradually marginalised within the CPIM, as Bhattacharya continued his aggressive mode. He was lauded by the mainstream media, particularly the ABP group (owners of *Ananda Bazar Patrika* and *The Telegraph*), one of the largest media houses in the country<sup>165</sup>. The phrase *Brand Buddha* was coined by these newspapers, projecting Bhattacharya as the liberal face who could finally steer West Bengal away from the clutches of political interference and on the road to economic prosperity. The media rejoiced when he announced that the bureaucracy had to adopt a culture of *do it now*, signalling that the much maligned culture of red-tapism might finally be coming to an end, and vociferously supported his demand for the party to move away from the practice of calling *bandhs* (strikes). Bhattacharya, on his part, often made quite dramatic statements asserting his liberal image and willingness to promote industry above everything else. His statement below not only made headlines in the media, but also created a massive uproar in the party. During an ASSOCHAM<sup>166</sup> meeting on 26<sup>th</sup> August 2008, Bhattacharya said:

Personally if you ask me, I think it [calling strikes] is not helping us, our country. But unfortunately, as I belong to one party and [when] they call a strike, I keep mum. But I have finally decided that next time, I will open my mouth...We are also trying our best to change the mindset of union leaders and workers. I think things have changed. I assure you, *gherao*

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<sup>165</sup> The other two important Bengali newspapers in the state are *Aajkal* and *Bartaman*. While the former has always been pro-Left, the latter has an anti-establishment character. The Statesman, the oldest and most prestigious English daily, maintained a pragmatic tone, praising the assertiveness of Bhattacharya while criticising the CPIM for continuing with its culture of political interference at the grassroots.

<sup>166</sup> The Associated Chambers of Commerce and Industry of India.

will never return to our state. I will not allow that. I think it is highly illegal and immoral (The Telegraph, 27<sup>th</sup> August 2008).

The Telegraph, in its report titled the ‘Buddha Bandh Bombshell’, celebrated the announcement, while castigating the party for not supporting Bhattacharya:

Buddhadeb Bhattacharjee today took the boldest stride yet by a politician to make Bengal *bandh*-free but disruption addicts within and without his party appeared in no mood to kick the habit in a hurry (*ibid.*)

Bhattacharya’s proactive stance was also praised by the industrial houses. The general secretary of ASSOCHAM, D.S. Rawat explained:

During the last five-six years, there has been a tremendous change in the perception about West Bengal among the investors outside the state.. Today there is hardly any large industrial house which has no presence in West Bengal, while till about five-seven years back talking about investing there was a joke. The ASSOCHAM started to concentrate on West Bengal sometime around 2004. That was the time when Buddha *babu* had completed a few years as the Chief Minister and had given a very loud and clear message that any investment in the state would be welcome. He was extremely dynamic, positive and forward looking, and extended every possible help to the investors.<sup>167</sup>

Buoyed by an increasing popularity, a close group of colleagues (including Nirupam Sen, Gautam Deb<sup>168</sup>, Surjya Kanta Mishra<sup>169</sup>, and Mohammed Salim<sup>170</sup>) who were equally committed to the cause, support from mainstream media and the corporate sector, and a mood of optimism among the urban middle class, Bhattacharya went on to emphatically promote industrialisation in West Bengal. At the 20<sup>th</sup> West Bengal State Party Congress in 2002, it was announced:

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<sup>167</sup> Source: *Interview*; 25<sup>th</sup> July 2009, New Delhi.

<sup>168</sup> Minister of Housing and Public Health (1991-2011). Deb also spearheaded the entire New Town project at Rajarhat, Calcutta.

<sup>169</sup> Minister of Health & Family Welfare (2001-2011), Panchayats & Rural Development (1991-2011)

<sup>170</sup> Minister of Minorities Development and Welfare, Youth Service (2001-2011)

...the aim of the government is to make a committed effort to build new industries...the success of this effort entirely depends on private investment and competitiveness of industries. Developed infrastructure, prompt and transparent administration, managerial efficiency, productiveness, etc. are all important elements of this effort, and cannot be ignored if industry is to be created and sustained in the state in the face of fierce competition (CPIM 20<sup>th</sup> State Congress, 2002;77-78, *translated*).

However, in the face of this aggressive stance, the question of negotiation - not only with party workers at the lower levels, but also between state party leaders and other coalition member parties - was completely marginalised.

There remained a group within the CPIM which maintained a distance from the dominant faction led by Bhattacharya and Nirupam Sen. This faction was comprised of some of the old and popular faces within the state/district level party leadership, who retained an ideological affinity to the hardliners in the central leadership. While accepting the necessities prompting the transition in theory, they continued to have reservations about the pace of change and the reformist understandings on the question of class struggle and revolution. Their most prominent leader was Abdur Rezzak Molla, who was vociferous in his opposition to the stand taken by Bhattacharya-Sen and the pro-reform section of the party leadership. Others included Shyamal Chakraborty (central committee member and vice-president, CITU), Chittabrata Majumdar (general secretary, CITU, 2002-2007), and state committee members such as Binoy Konar, and Kali Ghosh. While most were not explicit in their criticisms in public, they are known to have influenced the government to move away from its industrialisation oriented development model. Members with trade union affiliation, particularly Shyamal Chakrabarty and Chittabrata Majumdar, held strong views on issues related to foreign direct investment, arguing that allowing FDI in the country would compromise its self-reliance<sup>171</sup>. Other areas of differences included allowing private

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<sup>171</sup> Source: <http://news.bbc.co.uk/1/hi/business/4296215.stm>, accessed 1<sup>st</sup> May 2012.

entrepreneurs to enter the retail sector, setting up special economic zones, modernisation of Calcutta airport involving private capital, etc., and also regarding the party's overall position in parliament on issues such as banking and pension reforms. Bhattacharya himself admitted the existence of these differences within the party in an interview with The Indian Express in 2006:

I'm a Communist and I'm proud of it. We have to learn truth from the facts. We have to change, we have to reform...We debated among ourselves and came to certain conclusions [about FDI]...Only in retail do we have some reservations. On Special Economic Zones we had serious differences...we still have some issues with the government on the pension scheme, on private participation in modernisation of airports. I tell my colleagues if the Civil Aviation Ministry itself decides to modernise the airports that is the ideal position. But if they invite private investment in Delhi and Mumbai how can I oppose it? ...On pension I've told my colleagues we are opposing it. But, given our salary and pension bills and the overall fiscal situation—if we oppose it we'll have to face the music here...We have to find a middle path...My colleagues are quite intelligent.<sup>172</sup>

Contrary to the cautious optimism of Bhattacharya, Abdur Rezzak Molla was quite assertive in his accusations directed specifically at the former:

Nothing was wrong with the vision of industrialisation, but the approach was completely incorrect. The government tried to make a jump and execute the transition as fast as it could—and fell in a ditch. This acceleration in approach was mainly a decision of the Chief Minister—who is the first among equals—*but there is no limit to how 'first' he is*. This entire decision to proactively push for industrialisation was Buddha *babu*'s decision, even if some members of his own party or even in his cabinet had other views (*emphasis added*)<sup>173</sup>.

Molla also mentioned that Bhattacharya hardly ever listened to the views of the opposing faction, and added:

Me, and people like myself were of a microscopic minority within the party. We were even accused of standing in the way of development.

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<sup>172</sup> "I'm a communist and I'm proud of it. But we have to change, we have to reform": Interview with Buddhadeb Bhattacharya, *The Indian Express*, 7<sup>th</sup> June 2006.

<sup>173</sup> Source: *Interview*; 25<sup>th</sup> June 2009, Calcutta.

The factional tension within the party did not remain confined to ideological principles or policy matters, but assumed a much more personal and acerbic tone. Responding to a question on the nature of the current leadership of the party, Molla added:

There is no match for the experience and personality of Jyoti *babu* who came up through grassroot struggles. The current rank of leadership has neither his experience nor his personality. At the same time they might have had an intention to surpass the achievements of Jyoti *babu*, but they were hardly capable of doing so. The current leadership is of a hybrid nature - they talk a lot, but with less ability to do anything. Another problem is the larger than life image of Buddha *babu*. The phrase *brand Buddha* coined by some sections of the media has bloated his ego. He thought whatever he did would be accepted.<sup>174</sup>

Irrespective of the accuracy of these observations, it is clear that there was a factional tension within the CPIM on the question and pace of the industrialisation agenda promoted by Bhattacharya and Sen. While voices such as Molla's were initially a rarity, their numbers started to increase and became the dominating strand of criticism within the party after the Singur-Nandigram incidents and the eventual electoral decline (see next chapter for details).

Bhattacharya had not only irked old party vanguards such as Molla, but also trade union activists with his reluctance to support labour activism. While CITU had left the days of militant activism behind and had been persuaded by Jyoti Basu to collaborate with the government in promoting a positive industrial atmosphere in the state, it also continued to play a crucial role in opposing the liberal policies of both the NDA<sup>175</sup> and the UPA regimes at a national level. It organised processions, demonstrations, and public meetings, and called industry specific or general strikes all over the country on issues related to retrenchment due to privatisation and modernisation, lack of compensation, proposed changes to labour laws, etc. It fiercely protected its right to call *bandhs* (strikes), and by virtue of tacit support from

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<sup>174</sup> Ibid.

<sup>175</sup> The National Democratic Alliance (NDA) is a centre-right coalition led by the Bharatiya Janata Party (BJP) that was in power from 1998 to 2004, and had thirteen other constituent parties at the time of formation.

the government, each call for a strike was highly successful in West Bengal, even if marginally effective elsewhere. Bhattacharya however, fought hard to curb the practice of calling indiscriminate strikes - as evident in the excerpt from his ASSOCHAM speech - arguing that not only was it detrimental to the state's economy, but it also sent a negative signal to prospective investors. He particularly wanted the IT industry to be classified under the Essential Services Maintenance Act, 1981 (ESMA), which would keep it outside the remit of any strike. However, his views were not completely endorsed by other CPIM leaders. Sitaram Yechury, for example, had supported a strike called by CITU on 20<sup>th</sup> August 2008, just days before Bhattacharya gave the ASSOCHAM speech. Although no minister or central/state level leader spoke directly against Bhattacharya, CITU leaders reacted sharply. In response to Bhattacharya's speech, Kali Ghosh, West Bengal state secretary of CITU, asserted:

Whatever he said was his personal opinion, which is different from the party's position. CITU considers *bandhs* the working class's ultimate weapon. We have achieved the right (to strike) through a long struggle... "We don't know why he said what he did and under what circumstances. But it is the standard practice in our party to air personal views in proper forums of the party and go by its collective decision...[he] may face opposition if he spoke (in the CPM) against the right to *bandh* on just causes (The Telegraph, 27<sup>th</sup> August 2008).

It should be pointed out that despite some attempts hardly any negotiation took place between the state party leadership and the trade union wing on the question of industrialisation. In 1999, a state trade union sub-committee was formed in West Bengal, along with party-teams for specific industries and trade union fraction committees which brought union members from different sectors together. There were serious differences of opinion between these committees and the government on the issue of closing down loss incurring state-enterprises.

The 21<sup>st</sup> West Bengal State Congress observed:

Since the 20<sup>th</sup> State Congress in 2002 the government has closed down three factories. The interests of the workers have been dealt with enough compassion ... There have been 3/4 discussions with the trade union sub committees and fractions ... There were serious ambiguities and lack of understanding among many comrades and trade union workers ...some of it has been cleared, but there still are many questions and ambiguities among trade union workers (CPIM 21<sup>st</sup> West Bengal State Congress, 2005:127; *translated*).

The party-teams and trade union fractions were rarely involved in any negotiation with the government or the state party leadership on questions of policy. Instead, “in reality, they hardly even performed their preliminary duties...In most cases the...party fractions were completely inactive...and did not even meet once” (*ibid.*:130; *translated*).

To summarise, it is evident that the pro-reform group of Bhattacharya-Sen (along with other important leaders like Gautam Deb) had come to dominate both the party and the Left Front in their aggressive promotion of the industrialisation agenda. The opposing faction was minimal in size and importance, and therefore largely ignored. While there was hardly any negotiation involving the district level members and downwards to clarify the need for (and achieve an ideological consensus on) these initiatives, contrary views/disagreements were marginalised due to the Left Front’s impressive performance in the 2002 and 2006 state assembly elections<sup>176</sup>, both fought with the agenda of industrialisation at the forefront. In 2002 the Left Front won 199 out of 294 seats, with the CPIM securing 143 seats, and in 2006, the tally increased to 233 and 176 respectively. At the same time, the share of Trinamool Congress, the main opposition party in the state, fell drastically from 60 to 30 seats. With such an overwhelming victory, all opposing views to the pro-reform faction were completely swept aside, and Bhattacharya and Sen’s authority within the party, as well as the government, was undisputed. In fact, at the 21<sup>st</sup> Party Congress in 2008, it was declared that the Left governments had made the biggest contribution in advancing the all-India struggle,

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<sup>176</sup> See Appendix 6.

and the Left-led states were the mainstay of Indian communism. It was even accepted that the party's role at the national and state levels might be divergent. The political-organisational report of the Congress observed:

The entire Party has to understand the role played by the CPI-(M)-led governments and the constraints they face. Failure to do so leads to exaggerated expectations...it is unrealistic to expect the Left-led governments to initiate any basic changes...While at the all India level the Party puts out alternative policies...it does not follow that that all these alternative policies can be put into operation in the states were we run state governments...In the struggles launched against economic policies of the Centre, the Left-led states are the mainstay and have made the biggest contribution. This must be kept in mind when we are projecting alternative policies (Political-Organisational Report of the 19<sup>th</sup> Congress of the CPIM, 2008:63).

#### **5.4.3 Factional Tension within the Left Front**

With the CPIM going gung-ho on industrialisation, the dynamics within the Left Front became seriously distraught. As discussed in Chapter 4, there was absolutely no negotiation between the CPIM and the other coalition parties on the question of the 1994 Statement either before, or even after, the Statement was announced. Given the dominance of the CPIM over the coalition and also the stature of Jyoti Basu among the Left parties, the changes in direction were not particularly opposed. Basu, on his part, did not aggravate the status quo within the Left Front by going overboard. The lack of ideological clarity within the CPIM also prevented a proper debate taking place within the coalition. Above all, the actual investment scenario in the state remained paltry throughout the 1990s and early 2000, and therefore no major discontentment arose among coalition partners over the nature of capital and the government's actions at ground level. However, serious fissures emerged within the coalition once Bhattacharya upped the ante.

Among the eight parties within the Left Front besides the CPIM, historically the CPI had been a moderate on policy matters and usually toed the CPIM line. The other two major partners - RSP and FB - describe themselves as *Left among the Lefts* and take a much more hardline stance. Of the remaining small parties, the RCPI also sides with the RSP/FB. The DSP, SP, MFB and RBC depend on the CPIM for survival, and thus are always in accordance with it. Given this distribution, the RSP and FB are usually more critical of the Left Front as steered by the dominant partners - CPIM/CPI. Therefore, the following CPI statement, testifying how the CPIM alone had come to dominate the coalition came as a surprise:

The Left Front meetings are highly irregular. Even today there are no guidelines regarding how frequently the Front should meet. The member parties are not even informed of the agenda prior to a meeting, which prevents them from discussing the matters amongst themselves beforehand. At the meetings, neither there are any discussions on policy matters nor is the government's performance evaluated. In the management of the Left Front, government and even the *panchayats* there is an increasing tendency to dominate by the majority partner. The coalition partners have to read about policy measures in newspapers. This creates complication and misunderstanding...In spite of repeatedly raising these issues in Left Front meetings there has been no improvement. (Political Report, CPI 22<sup>nd</sup> West Bengal State Conference, 2005:39-40)

The CPI West Bengal state secretary, Manju Majumdar, admitted that the CPIM gradually came to dominate the entire Left Front, and the government rarely took into account views expressed by the other parties:

In the Left Front meetings there are serious disagreements between the CPIM and the other parties. We try to fight with the CPIM as much as possible, but it is mostly futile. However, we cannot abandon the Front, and will have to accept the situation for its future.<sup>177</sup>

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<sup>177</sup> Source: Interview; 17<sup>th</sup> August 2009, Calcutta.

As might be expected, RSP and FB are more vocal in their criticism of the CPIM and the way the Left Front was run. There were four major areas of discontent:

Firstly, as the CPI also admits, the lack of regular discussion among the Front members and the CPIM forcing their decision on the other parties were serious issues. Manoj Bhattacharya, West Bengal state secretary of RSP, said:

The CPIM had started to go their own way without taking other parties and even the common people into their confidence. They started to believe that whatever they decided would be approved by the ordinary people. Particularly the huge victory in the 2006 assembly elections gave the CPIM a euphoric freedom to implement whatever they desired. We tried to amend their attitude many times. But our protests were of no value or consequence to them. To give an example, there was a proposal for a petrochemical hub at Nandigram. We asked the government umpteen times to show us the detailed project report. We were curtly told by Nirupam *babu* and Buddha *babu* that it would be provided, but it never was. We also raised a question about the timeline of the project, but Buddha *babu* gave no importance to our objections. Furthermore, a huge stretch of land was necessary for the project. But no discussion ever took place on the acquisition issue, at least not in a democratic manner.

CPM's attitude is reminiscent of a Stalinist dictatorship- not listening to or negotiating with anyone - but deciding and executing on their own. It's not just arrogance, but intransigence.<sup>178</sup>

Hafiz Alam Sairani, West Bengal state secretary of FB argues that under the current Left Front leadership which, unlike their predecessors, has limited experience of mass struggle, the compromise on unity is natural:

None of the current leaders have seen or experienced the kind of hardship which our earlier leaders went through, which made them bond at a personal level. The current alliance is more for the sake of convenience. The level of unity our predecessors achieved is not possible to replicate any more. Once the earlier generation gave way to the current leadership, Left unity degenerated to just a slogan. People see a united Left Front only during elections, but in no other matter is there a unified presence of the Left Front.<sup>179</sup>

Secondly, a lack of trust was becoming increasingly evident within the Left Front, even to the extent of several conspiracy theories emerging about Buddhadeb Bhattacharya. He came to

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<sup>178</sup> Source: *Interview; 15<sup>th</sup> June 2009, Calcutta.*

<sup>179</sup> Source: *Interview; 24<sup>th</sup> June 2009, Calcutta*

be seen as colluding with the big national and international bourgeois forces for electoral benefits, and even getting close to communal forces. Parties like the RSP took these charges quite seriously. Manoj Bhattacharya continued:

Possibly, a tremendous amount of pressure was being applied on Jyoti *babu* by Buddha *babu* to resign. And once Jyoti *babu* succumbed to the pressures and Buddha *babu* became the Chief Minister, the state came to be covertly ruled by the big bourgeois. The media, at the behest of the big bourgeoisie, also suddenly became extremely vocal about his efficiency. While they remained highly critical of the Lefts in general, they turned into the main protagonists of Buddha *babu*, and thereafter incessant pressure was put on him to adapt the course of economic development as championed by the big bourgeois forces. Buddha *babu*, on his part and with the help of the media, tried to push his idea of development down the throat of the common people. Even the BJP wanted to keep him happy. So it is legitimate to question whether Buddha *babu* himself had some collusion or alliance with the big bourgeoisie, because its agents were full of praise for him. I think in recent times major international capital has played a role in promoting the Left Front; in fact the government has been hijacked by it since the mid-1990s. This is a conjecture, but should be seriously looked into.<sup>180</sup>

Third, there were many differences between the CPIM and other parties on policy orientation, with the former being accused of deviating from a proper Left path. These differences emerged on issues related to the nature of capital entering the state, capital versus labour intensive industries, setting up special economic zones, land acquisition, rehabilitation and compensation procedures etc (see next chapter for details). Given the pace at which the CPIM tried to proceed, Manoj Bhattacharya continued, sensitive issues such as land acquisition, rehabilitation, etc. were hardly paid any attention, and even the democratic element that should be ingrained in any such initiative - negotiation, dissemination of information, resettlement - were all bulldozed.

Manju Majumdar gave an example:

Buddha *babu* often used to say- we have received a certain amount of investment. But we always protested and wanted to know how many people would be employed as a result, and if

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<sup>180</sup> Source: Interview; 15<sup>th</sup> June 2009, Calcutta.

the same amount would have been invested in the small scale sector, how many more could have been employed. We never got a satisfactory answer.<sup>181</sup>

One incident which sparked a serious disagreement was an agreement with Salim Group, an Indonesian conglomerate, to implement various developmental projects, including what was said to be the largest infrastructure project undertaken by any state<sup>182</sup>. The Salim Group was once closely and corruptly linked to the Suharto family of Indonesia (Dieleman and Sachs, 2008), and inviting a multinational corporation with such credentials to West Bengal was seen as a serious breach the Left *alternative*'s trust. Similar objections arose, particularly from the RSP, to a project proposed by Bhushan Steel, a company involved in importing scrap war materials from America and accused of being heavily engaged in corruption<sup>183</sup>. For a Left government to indiscriminately collude with private capital of such nature was, according to all coalition partners, unthinkable. To what extent Buddhadeb Bhattacharya was a true communist leader, was also questioned. Manoj Bhattacharya argued:

In 2005-6 Buddha *babu* went to Singapore. After coming back he openly proclaimed that having lunch with the chairman of the Singapore Economic Development Board - which is a conglomeration of big international bourgeoisie - was the most memorable day in his life. Is this normal for a member of a Communist party?<sup>184</sup>

The theoretical rationalisation attempted by the CPIM ideologues such as Nirupam Sen was also refuted by the coalition partners. Mihir Bain, the West Bengal state secretary of RCPI observed:

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<sup>181</sup> Source: *Interview*; 17<sup>th</sup> August 2009, Calcutta.

<sup>182</sup> The projects proposed included a chemical SEZ, spread across 10,000 acres, a multi-product SEZ spread across 12,500 acres in Haldia and SME industrial estates in different locations. The agreement also provided for construction of a 100km long Eastern Link Highway, spread over 2,500 acres. In addition, the consortium would build a four-lane road bridge over the Hooghly river (source: <http://www.thehindubusinessline.in/2006/08/01/stories/2006080104042100.htm> , accessed 6th May 2012).

<sup>183</sup> Source: <http://www.financialexpress.com/news/dangers-of-heavy-metal-scrap-trade-in-india/66641/0> , accessed 7th May 2012.

<sup>184</sup> Source: *Interview*; 15<sup>th</sup> June 2009, Calcutta.

It is completely wrong to argue that given the state of our nation, the next step is democratic revolution by tying forces with the progressive bourgeoisie forces, and that socialism can come only through industrial revolution. How could then revolution happen in Russia which was an agricultural economy, contrary to Marx's prediction that the revolution would take place in advanced industrial nations such as Germany or England? Revolution can happen even without passing the stage of capitalist production. This theoretical justification comes out of a compulsion to stay in power and is devoid of any ideological grounds. In the crisis period that the CPIM is in, they are in dire need of an ideological platform, as they have totally deviated from Leftism. They are operating according to a more self-interest driven policy orientation.<sup>185</sup>

Manoj Bhattacharya was particularly vocal about the CPIM's complete disorientation from Leftism.

They may justify themselves by citing China. But they have completely shifted from the idea of Leftism. And they have made the Left Front go the neoliberal way envisaged by Manmohan Singh and Chidambaram. It is an aberration of Leftism, and that too in a very aggressive manner. This in a way is the Stalinist style of development - crush the peoples' voice. Capitalists have done so for ages and now even we are doing the same thing. We met the CPIM leaders like Prakash Karat, Sitaram Yechuri, and along with the FB leadership, appealed to them to check and amend their practices. We also complained about the government's arrogant attitude. But nothing ever happened. The class alignment that all the Left parties had once built has gradually started to dissipate. We have tried our best, but the CPIM refuses to hear anything, anyone.<sup>186</sup>

Finally, there was a procedural problem in the way the Left Front operated. There is no coalition below the district level, where even Front member parties contest elections against each other. Hafiz Alam Sairani described the problem in detail:

More recently, in the face of stiff opposition, most of the CPIM leaders in the state as well as district levels have become more committed to maintain Left unity. Other coalition parties have also responded to that. But that commitment never percolated down to the lower levels. The lack of unity starts from the municipal corporation levels, where there is no unified coalition, but rather individual parties. Even if a formal coalition is not possible, at least there should have been some consultation among the parties over policy matters. But this never happened. The Front exists only at the state and district levels. Even at district levels, the Front hardly looks into how the *zilla parishads* (district committees) function.<sup>187</sup>

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<sup>185</sup> Source: *Interview; 20<sup>th</sup> June 2009, Calcutta.*

<sup>186</sup> Source: *Interview; 15<sup>th</sup> June 2009, Calcutta.*

<sup>187</sup> Source: *Interview; 24<sup>th</sup> June 2009, Calcutta.*

Mihir Bain described how the Left Front was suffering from a poor image in public:

There has been an increase in arguments, debates and persuasion in each and every Left Front meeting in recent times. Furthermore, the disagreements within the Front are coming out in the public - thus tarnishing the image of the Front - something that has never happened before.<sup>188</sup>

The problems within the Front intensified after the death of Anil Biswas, West Bengal state secretary of the CPIM and Chairman of the Left Front, in 2006. An astute politician, Biswas was highly regarded for his deft management of the Front and ability to ensure consensus among member parties, at least in the public eye. He was replaced by another CPIM veteran, Biman Bose, but he could not replicate the political astuteness of Biswas. In fact, soon after Bose took over, he had to face serious criticism of his handling of the Nandigram issues and some Left Front member parties called for his replacement. Bose, however, retained the post with the support of Jyoti Basu.<sup>189</sup>

Taken together, the above observations paint a picture of a rather disarrayed Left Front during its final decade in power. Given the electoral success until 2006, and with Anil Biswas at the Front's helm, the discontent among the member parties was only evident sporadically. But during the Singur fiasco and the Nandigram massacre - apart from a toll on the electoral base of the Front from the 2008 *panchayat* election onwards - the fissures within the Front became public, with the CPI, RSP, FB and RCPI openly accusing the CPIM and predicting (correctly) an eventual loss in the 2011 assembly elections. The factional tension within the CPIM also increased manifold, particularly with Abdur Rezzak Molla taking an open stand against Buddhadeb Bhattacharya and Nirupam Sen on questions of land acquisition and compensation. These incidents are briefly examined in the next chapter.

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<sup>188</sup> Source: *Interview; 20<sup>th</sup> June 2009, Calcutta.*

<sup>189</sup> Source: <http://www.hindu.com/2007/05/05/stories/2007050507171300.htm> , accessed 7th May 2012.

## 5.5 Conclusion

The story of industrial development in West Bengal post-1994 has usually taken two divergent forms in the existing literature - either praising the marked changes in the growth statistics and investment quantum, or deconstructing the growth story to highlight the large share of unorganised sector vis-à-vis an almost stagnant organised sector<sup>190</sup>. Neither of these strands, however, analyse the metamorphosis of the transition exercise into a political project which, as argued in this chapter, became its defining feature.

The opening lines of this chapter pointed out that the transition exercise in the state went wrong in both its *intention* and *meaning*. The precise nature of this claim can now be summarised.

The *intention* to promote a private capital-led growth model in the state fell short of realisation first and foremost due to inadequate capacities. Authors such as Sinha (2004, 2005, 2007), Ghosh and De (2004), RayChaudhuri and Basu (2007), and Chakravarty and Bose (2009) have discussed in detail how the state suffers from poor infrastructural and bureaucratic capacities, along with sticky institutional practices. The government did little to address these capacity problems, and thus never prepared a platform on which its intentions could be realised. The second problem, which has hardly been addressed in existing literature, is that of political indecisiveness. This chapter has discussed in detail how the government's persistent ambivalence sent mixed messages to those willing to invest in the state, as well as to the party's own cadres. The integrity of the declared intentions thus came to be questioned by investors, and the yardstick of political acceptability continued to reign supreme within the party.

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<sup>190</sup> See Appendix 7.

It was in its *meaning* that the transition exercise came to be seriously contested, the problems manifesting in various forms. Firstly, a lack of clarity over the industrialisation agenda and the CPIM's ideological discourse throughout the 1990s meant that leaders like Jyoti Basu were compelled to maintain a status quo instead of engaging in an effort to transform the state into an investment destination. Secondly, even when an ideological middle ground was achieved via the idea of an *alternative* policy, serious discrepancies remained in the way the idea was construed by the state leadership as opposed to the central leadership of the party. Thirdly, the leadership hardly engaged the rank and file of the party in any negotiation to explain/justify the necessities of the transition. And finally, an undercurrent of discontent within the CPIM along with growing factional tension within the Left Front over the direction and orientation of the government meant that the entire meaning of the exercise ended up being significantly convoluted among all its stakeholders.

The problem that emerged from such lack of consensus and negotiation was a misdirected attempt at implementation. As discussed in Chapter 3, the cadre base had always been the most trusted channel, even for implementing policy decisions, with the party ideologically inclined to keep formal bureaucratic channels subservient to party control. For the management of the transition process, however, the increasing disengagement between the higher authorities and lower levels meant that both the intent and meaning of the transition was lost in translation by the time it reached the grassroots. Instead, it became an opportunity to maximise local interests, political as well as personal. The *celebrated failure* of the industrialisation initiatives of the Left Front - the Singur case, along with the violence at Nandigram - which marked the rapid downfall of the CPIM and the entire Left Front, were not the standalone incidents they have come to be viewed as but the eventual culmination of these intensifying contradictions.

## Chapter 6

### **Land, Consent and Violence: *The Multiple Narratives of Politicisation***

*“It [the CPIM] succumbed to the capitalist paradigm of development with its present mantra of private sector-led and export-oriented and largely jobless growth, and was hustled into adoption of anti-people policies, robbing the masses of their right to land, water and other natural resources..”* (Gohain, 2011:80).

*“The 14<sup>th</sup> March 2007 killings in Nandigram shocked the people of the state. How on earth could a Left administration shoot down in cold blood women and children from impoverished peasant families? The resulting widespread public revulsion led to the erosion of the Party’s mass base”* (AM, 2009:8).

*“If overwhelming evidence shows that the CPI(M) has abandoned the project of ‘transcending capitalism’ then [one] should come to the conclusion that CPI(M) is no different from any standard bourgeois party”* (Shankar, 2011:76)

#### **6.1 Introduction**

The final phase of the Left Front government, from 2006 to 2011, increasingly saw a multitude of political audits emanating from various quarters, fuelled by the Singur fiasco, the brutalities at Nandigram, and the steady political decline of the Front starting with the 2008 *panchayat* elections and culminating in the 2011 assembly elections’ decisive loss. Such audits (excerpts from some quoted above) can largely be classified into three themes. First, a procedural critique of the government’s policy of land acquisition (e.g., Banerjee, 2006; Sarkar, 2007; Chandra, 2008); second, development approach centric debates around the issues of public vs. private industrialisation, transition from an agricultural economy to an industrialised one, etc. (e.g., Bhaduri, 2007; Bhattacharya, 2007; Fernandes, 2007; Patnaik, 2007; Sau, 2008,); and finally, a moralistic critique of a Left government inducing large-scale displacement of peasantry for the benefit of a multinational conglomerate, and an associated perception of the *changing class-character* of the party (e.g., Bandopadhyay, 2006; Banerjee,

2006, 2008; Sen, 2011). The first two strands have also significantly influenced similar events nationwide, such as the long drawn-out struggles around the Posco site in Kalinganagar, Orissa to the recent protests over the Yamuna expressway in Uttar Pradesh, as well as the debates over a new land acquisition bill that is currently stalled in parliament. However, a closer look at all three categories reveals that in spite of scathing criticisms of the Left Front and meticulously highlighting several of its fault lines, most critics remained largely noncommittal about the fact that those fault lines could not have just suddenly surfaced, particularly after the overwhelming victory of the CPIM in the 2006 assembly elections. The problems that were *discovered* to have *suddenly* eroded the party within a relatively short span could not have been just an outburst of the accumulated discontent triggered by the Singur-Nandigram fiascos, as these audits often made them out to be. What often remained ignored was the fact that events at Singur-Nandigram were themselves symptomatic of the fundamental contradictions embedded within the political nature of the transition process. The previous chapter examined some of these contradictions over the *intent* and *meaning* of the transition, and concluded with the observation that due to such ambiguities much of what was intended was lost in translation by the time it reached the grassroots. The merits of this claim will be explored in this penultimate chapter, with reference to the CPIM's political rationale (see Chapter 3) and the Singur-Nandigram incidents.

It was argued in Chapter 3 that the trajectory of the post-1990 socio-economic transitional phase in West Bengal continued to be a function of the unique sociability that was created by the emergence of party-society during the 1980s. The most significant determinant of this trajectory was, however, a feature that the party-society thesis underscores rather implicitly. Chapter 3 explored how the state institutions and, in fact, all governance channels in West Bengal were completely subjugated to political agencies and guidelines. In effect, over the

decades of the Left Front rule, formal administrative channels not only suffered from partisan incursions, but also became heavily dependent on political leadership for normal functioning. Therefore, while the rhetoric emanating from the top offices of government post-1990 promised a transition in development policy, political control over the process was barely relinquished and any adjustments made were only to the extent that would suit localised political priorities. As a result, when the government attempted to bring the new economic priorities to the forefront post-2000, it could not generate the intended impact. With an almost defunct channel of administration which had lost the capability to perform on an autonomous basis, real control of the process shifted back to party quarters. With the cadre-base of the CPIM in charge of overseeing administrative initiatives at ground level, the serious disengagement across party hierarchy over the intended nature of the transition (see Chapter 5) meant that the implementation exercises became an opportunity to maximise local political interests.

The objective of this chapter is therefore to bring this underlying, yet continuous project of grass-root level politicisation of the transition initiatives into the spotlight, as it has gone largely unnoticed by the institutional and ideological debates around industrialisation in West Bengal. Chapters 4 and 5 established the political nature of the transition process and illustrated its manifestation among the higher echelons of the CPIM/Left Front. This chapter takes the argument forward by examining how, not only in *intent* and *meaning*, but even *translation* of policy directives was intensely politicised.

## **6.2 Revisiting Singur and Nandigram**

The Singur-Nandigram incidents, described briefly in the Prologue and cited frequently throughout this work, have attained cult status among the increasing cycles of land

acquisition-displacement-protest which have come to dominate the India-growth story in recent times. They are also often described as a tipping-point, triggering the dramatic outburst of cumulative discontent against the Left parties in each and every election that followed<sup>191</sup>. In this chapter, however, they will be used in a context much different than the standard discourses that have emerged, one that will try to infer the political nature of the implementation initiatives around them.

Before proceeding with this exercise, a brief review of both cases and their associated debates is necessary. An important disclaimer also needs to be provided at this juncture: the events at Singur and Nandigram are usually agglomerated in common parlance, but many nuances, particularly in the Singur case, are lost as a result. The two cases are markedly different, and need to be separated for analytical clarity.

### **6.2.1 The Singur Project**

Immediately after their 2006 ‘industrial development’ led assembly elections victory, the government started an intense campaign to win a big-ticket project to catapult the state into the big league of attractive investment destinations. The much coveted ‘Nano’ project of Tata Motors Ltd (a small car with a promised price-tag of only Rs 1 *lakh*) was announced as that elusive ticket, lured away from Pantnagar, Uttarakhand, with a range of fiscal incentives (most of which were never made public). Amidst much fanfare, the government promised that the Nano project would turn West Bengal into the next automobile hub of the country, create a chain of downstream ancillary industries, and whose success would attract many more investments thus increasing industrial output and employment (Chandra, 2008)

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<sup>191</sup> While such an observation may be over-simplistic in nature, the TMC led opposition, which transformed itself from a marginal political party in 2006 (30 seats as opposed to the Left Front’s 233) to one with an overwhelming majority in 2011 (the TMC-Congress coalition won 226 seats, the Left Front reduced to 62), had the Singur-Nandigram events at the very forefront of their campaign for the entire period.

The infamous Singur controversy was initially sparked by the government's decision to acquire 997 acres of agricultural land in order to set up the Nano factory. The site chosen was in the small town of Singur in Hooghly district, approximately 40 km from Calcutta, but with easy access to the city via the Durgapur Expressway/National Highway 2. The land affected was spread across five *mouzas*<sup>192</sup> - *Beraberi, Gopalnagar, Singherbheri, Bajemelia*, and *Khaserbheri* - with marginal and small farmers constituting more than 50% of the population. There was also a sizeable section (25-30%) of unregistered *baradars* (sharecroppers) and landless people belonging to the scheduled caste (SC) category (Status Report on Singur, 2006; Banerjee, P., 2006). The area is agriculturally prosperous (multi-crop land, producing rice, potatoes, jute and an array of vegetables), fully irrigated (a Damodar Valley Corporation canal passes through the villages), and has generous access to groundwater, with two deep tube wells and twenty-seven mini deep tube wells (*ibid.*)<sup>193</sup>.

The compensation to be awarded was initially calculated on the following basis: landowners were to receive Rs 8.7 lakhs per acre for single-cropped land and Rs. 12.8 lakhs per acre for double-cropped land; registered *bargadars* were to receive 25% of the value being offered to owners. However, no arrangement was made to compensate unregistered *bargadars*. WBIDC itself admits: “[a]ccording to local enquiry, the total number of unrecorded *bargadars* is about 170. Till date 60 such unrecorded *bargadars* have applied to Collector requesting that they be considered for some compensation to be paid to them” (Status Report on Singur, 2006:2).

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<sup>192</sup> A *mouza* corresponds to a specific land area within which there may be one or more settlements. In the colonial era, the term referred to a revenue collection unit in a *pargana* or revenue district. Although the concept has declined in importance, it is still used for land revenue administration.

<sup>193</sup> However, as Mohanty (2007) argues, despite the fact that Singur is an agriculturally prosperous area, agriculture is not the most important source of income and employment in the area. Banerjee similarly observes: “Being located at a distance of only 40 km from Kolkata, the people of Singur are closely linked with life in the city, many of the landowners are engaged in services and businesses, while their lands are tilled either by the *bargadars* or by the landless and marginal peasants leasing-in those lands. A section of the poor people in Singur also frequent the nearby town, being employed in factories, shops and small businesses. Some of the youth have migrated to cities like Mumbai, Delhi and Bangalore.” (2006:4719).

The timeline for acquisition and compensation payment was as follows:

<b>Table 6.1: Singur Timeline</b>	
Issuance of Notice under Section 4(1) of Land Acquisition Act 1894	<i>19<sup>th</sup> to 24<sup>th</sup> July 2006</i>
Issuance of Notice under Section 6 of Land Acquisition Act 1894	<i>29<sup>th</sup> to 31<sup>st</sup> August 2006</i>
Declaration of award:	<i>21<sup>st</sup> to 23rd September 2006</i>
Commencement of payment of Land Acquisition:	<i>25<sup>th</sup> September 2006</i>

*Source: Status Report on Singur, GoWB, 2006.*

The project's announcement caused almost immediate apprehensions about the loss of land and livelihood. The first instance of organised agitation occurred during the visit of a Tata Motors team and WBIDC officials on 25<sup>th</sup> May 2006, when a group of local peasants gathered to block their passage. Soon after, a *Krishi Jami Raksha Committee* (Save Agricultural Land Committee) was formed, which organised its first demonstration on 1<sup>st</sup> June in front of the local block development office (Banerjee, 2006). Between 9<sup>th</sup> May and 27<sup>th</sup> September there were nine meetings between various arms of government and local representatives, including four with the *Krishi Jami Raksha Committee*. However, in spite of extensive consultations, even the government's own records suggest that no consensus emerged from these meetings on how to take the process forward (Mohanty, 2007). The protests escalated rapidly, and brought together a motley political coalition, spearheaded by the TMC under Mamata Banerjee, PDS, as well as the SUCI (Socialist Unity Centre of India - a Left party outside the ruling coalition). Their specific demand was to return 400 acres of land that belonged to *unwilling* farmers (plot-holders who refused to part with their land and did not collect compensation cheques, albeit some were absentee landlords/businessmen) (Sau, 2008). The movement received widespread support from civil rights and human rights

groups, legal bodies and social activists like Medha Patkar, Anuradha Talwar and writer-activist Arundhati Roy. Other intellectuals, including writers (Mahasweta Devi and Ruchit Shah), artists (Suvaprasanna), theatre and film personalities (Shaoli Mitra and Aparna Sen) and other prominent citizens also lent their support.

On 25<sup>th</sup> September 2006, the day scheduled for compensation disbursement to commence, the local block office was surrounded by thousands of protestors, demanding the process be stopped. What happened during the following hours remains unclear, but the police finally resorted to a *lathi*-charge that resulted in one dead, and several injured. Next, just prior to the beginning of fencing operations in early December, another phase of violent clashes took place, and the government responded by imposing initially, one month but later indefinite, prohibitory orders under Section 144 of the Indian Penal Code in order to continue fencing operations<sup>194</sup>. A ceremonial inauguration of construction of the factory took place on 21<sup>st</sup> January 2007<sup>195</sup>. Mamata Banerjee called a state-wide *bandh* (strike) on 1<sup>st</sup> December, protesting against police brutalities and demanding the return of the 400 acres. She then went on a 25-day hunger strike, only calling it off at the request of the Prime Minister and the President on 28<sup>th</sup> December<sup>196</sup>. While the government was quick to dismiss her campaign as grandstanding and opportunism in the hope of reviving a flagging political career - and there may have been some truth in that - it was evident that her campaign had started to gather significant resonance because of the already extant stiff resistance.

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<sup>194</sup> A group of civil society members including prominent personalities Shnaoli Mitra and Aparna Sen tried to visit Singur on 7<sup>th</sup> December 2006 in response to increasing reports of police atrocities, but were turned back by the police citing restrictions under Section 144. Source: [http://articles.timesofindia.indiatimes.com/2006-12-08/india/27814630\\_1\\_medha-patkar-singur-cpm](http://articles.timesofindia.indiatimes.com/2006-12-08/india/27814630_1_medha-patkar-singur-cpm) ; accessed 28th June 2012. These incidents gradually brought about a change of opinion about the entire industrialisation agenda among sections of the middle class urban intelligentsia.

<sup>195</sup> In a major embarrassment to the government, the Calcutta High Court, in a judgement passed on 14<sup>th</sup> February 2007, held that imposition of prohibitory orders under Section 144 in Singur amounted to administrative highhandedness and misuse of power; Source:

[http://articles.timesofindia.indiatimes.com/2007-02-15/india/27875032\\_1\\_prohibitory-orders-land-acquisition-singur](http://articles.timesofindia.indiatimes.com/2007-02-15/india/27875032_1_prohibitory-orders-land-acquisition-singur) ; accessed 28th June 2012.

<sup>196</sup> Source: *Ananda Bazar Patrika*, 1<sup>st</sup>, 2<sup>nd</sup> and 29<sup>th</sup> December 2006.

Construction of the factory continued throughout 2007 and the first half of 2008 amidst regular protests and agitations that often turned violent. There were several reports of disruption of work, assault, and intimidation of workers and officials at the site<sup>197</sup>. The saga also played out in the state assembly with the government coming under severe criticism for its refusal to publicly reveal the details of the deal, particularly the concessions given to Tata Motors, under the clause of 'trade secrets'<sup>198</sup>. Left Front partner parties like the CPI and RSP also questioned this dictum of 'trade secret' for land being acquired 'in the public interest' and demanded transparency (Banerjee, 2006). There was even a public reproach from none other than Jyoti Basu<sup>199</sup>.

A fresh bout of intense agitation centred on the return of land to the *unwilling* farmers was led by Mamata Banerjee in August 2008 and brought work at the site to a complete standstill. This led to a series of inconclusive negotiations between the government and the opposition and led to Tata Motors' withdrawal of the project on 3<sup>rd</sup> October 2008<sup>200</sup>. In the press conference, Ratan Tata (Chairman of the Tata Group) stated:

This is a decision we have taken with a great deal of sadness because we came here two years ago, attracted by the investor-friendly policies of the current government, which we still have a great deal of respect for, the leadership of Mr Buddhadeb Bhattacharjee. And all through the two years that we worked, I am very appreciative of the support that the government gave us and the facilitation that they provided. Unfortunately, we also faced great agitation and great aggression on the part of the opposing parties, which have in fact been the sole reason for us to take this decision<sup>201</sup>.

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<sup>197</sup> For a chronology of events from 2006 to 2008, see "The TATA-Singur Saga Chronology", published by the *Hindustan Times* on 6<sup>th</sup> September 2008; <http://www.hindustantimes.com/News-Feed/India/The-Tata-Singur-saga-chronology/Article1-336094.aspx> ; accessed 12th August 2012.

<sup>198</sup> Source: The Telegraph: 13<sup>th</sup> October 2006.

<sup>199</sup> Ibid.

<sup>200</sup> The project was eventually relocated to Sanand in Gujarat, where it took around 14 months to build the factory and start production, compared to the disruptive 28 months in West Bengal. Source: <http://businesstoday.intoday.in/story/gujarat-is-indias-new-factory-hub/1/11918.html> ; accessed 28th June 2012.

<sup>201</sup> Source: *The Telegraph*, 4<sup>th</sup> October 2008; <http://www.telegraphindia.com/archives/archive.html>; accessed 28<sup>th</sup> June 2012.

## 6.2.2 Procedural Debates around Land Acquisition

The series of events at Singur, predictably, gave rise to a wide range of questions about the manner in which the government had gone about the project. One of the larger thematic issues that surfaced was that while conventional development economics literature has never considered land requirement as a serious constraint to the development process<sup>202</sup> (Sarkar, 2007:1435), Singur showed that land could be a crucial determinant of socio-political consequences. However, given the extremely adverse land-man ratio and stagnating agricultural conditions in West Bengal, it can be argued that any long-term development of the state must involve industrialisation, and large-scale economic transformation in the state must draw on agricultural land<sup>203</sup>. However, a concern voiced frequently from various quarters questions whether large-scale use of agricultural land for industrial purposes might prove detrimental for food security in the state<sup>204</sup>. A corollary of such an observation is that industrial projects should only be located on land previously occupied by industry. Sarkar provides a counter argument:

[f]irst, it may be pointed out that the choice of land does not always lie with the government...given the intense competition between the Indian states to attract private capital, the respective state governments are compelled to allow the investors to make their choice of land...[T]he real reason for worrying about the process of transforming agricultural land for industrial use is the possibility of an ensuing threat to food security. We shall argue that such a worry is to a large extent baseless...total land in the state is 88,75,000 hectares (1 hectare = 2.47 acres approximately) out of which 63 per cent is cultivated. So...in West Bengal...14 million acres<sup>205</sup>...of land is under cultivation....Suppose West Bengal requires 1,00,000 acres of land for building up infrastructure, industries and a modern services sector. That will be less than 0.7 per cent of the total agricultural land in the state. It is highly unlikely that if this

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<sup>202</sup> Arguably, traditional development economics has always focused on the dual aspects of physical and human capital accumulation. The *land* question remained outside the ambit of both of these.

<sup>203</sup> According to the 61<sup>st</sup> round of the NSSO survey (2004-05) the land-man ratio in West Bengal was the worst in the country. Cropping intensity in the state was very high, with 63% of the total available land being under cultivation (West Bengal Human Development Report, 2004).

<sup>204</sup> For example, see Amitadyuti Kumar's article titled "[Headline Singur - Food self-sufficiency, barren land, fighting unemployment, and other misrepresentations](#)"; *Sanhati*, 22<sup>nd</sup> March 2007: <http://sanhati.com/articles/132/> accessed 10<sup>th</sup> August 2012.

<sup>205</sup> 1 hectare = approximately 2.47 acres.

minuscule amount of land goes away from the agricultural sector, total food grains production of the state is going to be substantially reduced (ibid.:1438).

The larger context is of course not only economic, but also emotional. Sau (2008:11) writes:

a peasant family receives, not one, but as many as four kinds of benefits from its strip of land, namely, (a) employment of family members; (b) income from crops by way of accrued rent and profit, over and above the virtual wages; (c) a sense of family security; and (d) social esteem accorded to a landowner, however minuscule, as opposed to the derision thrown at a landless labourer. The market price cannot reflect the full range of all these. Of the four, the last two are incommensurable with standard pecuniary measurement; money cannot procure them. A substitute job for an unskilled farmer as compensation for land would only perpetuate his family's agony across generations to come; that low-paid job is hardly better than a bit of opium to soothe the pain of penury.

There were also debates about the manner in which the government went about the acquisition, following the archaic Land Acquisition Act (1894). The problems were primarily twofold: land pricing and quantum of compensation offered. The market for agricultural land in West Bengal (indeed, throughout India) is sparse, as transactions are infrequent. It is thereby difficult to obtain a proper estimate of the market value of land that would also reflect the true valuation by the farmer-owner<sup>206</sup>. Additionally, a small farmer usually keeps a large part of his production for self-consumption. If compelled to sell his land, he would have to buy food grains at market price, which is much higher than the farmer's sale price. Therefore, the market valuation of land, even if accurate, still fails to provide adequate compensation. Finally, questions were also raised about the practice of evaluating land on the basis of earnings arising out of its present use rather than what it might earn in future if put to an

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<sup>206</sup> The usual practice of fixing the market price of land by averaging past prices is likely to be an undervaluation, as land prices are constantly on the rise. Furthermore, as Sarkar notes, "The market price of land should roughly reflect the discounted sum of the expected value of output produced by land in future net of material and labour costs. To an owner-farmer, however, ownership of land gives him an opportunity to work. This particular advantage...will not be reflected in the market price. Thus to him the market price of land is much lower than its shadow price. Now, we get the shadow price of land by deducting the material costs and the opportunity cost of labour of the owner-cultivator from the discounted sum of the expected value of output. But given widespread unemployment, the opportunity cost of labour is less than the market wage rate. Hence the market price of land is lower than its shadow price. As a result, the owner-farmer will not be willing to sell his land at the market price" (2007:1440).

alternative use: obviously, the value would be higher if used for industry. Social justice requires that the present owner of land should also receive a share of this increased valuation. The Land Acquisition Act, in spite of all its later amendments, failed to guarantee this. It specifically stated that when determining compensation ‘any increase to the value of the land acquired likely to accrue from the use to which the land acquired will be put’ has to be *neglected* (Sarkar, 2007; *emphasis added*).

Therefore, compensation based on the market valuation of land would naturally be judged insufficient. Furthermore, the compensation package completely ignored inflationary pressures. Adjusting for inflation, the future returns from the compensation falls ruefully short of even the current monthly income from an acre of multi-cropping land (*ibid.*).

### **6.2.3 The Violence at Nandigram**

Located about 150km from Calcutta, Nandigram is a rural area in the East Midnapore district of West Bengal, situated opposite the industrial town of Haldia, and under the jurisdiction of the Haldia Development Authority (HDA). In August 2006, the government announced that a Special Economic Zone would be set up in the area as part of a larger plan for the Salim Group, an Indonesian conglomerate, to build a chemical hub<sup>207</sup>. Controversy started almost immediately, and though no formal announcement was made by the government regarding acquiring land, the ongoing events at Singur created fear among local people. On 15<sup>th</sup> August, in an article titled ‘Nandigram Gets Singur Jitters’, The Statesman reported that the ongoing protests in Singur had provoked apprehension about the fate of their own land among the people of Nandigram<sup>208</sup>. However, it was not until 27<sup>th</sup> December that Lakshman Seth, the

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<sup>207</sup> While the CPIM approved of involving the Salim Group in the state, other Left Front coalition members - particularly the RSP, were seriously opposed on ideological grounds - see Chapter 5 for details.

<sup>208</sup> It is in this context that Nandigram and Singur and have come to be uttered in the same breath, whereas they are otherwise significantly different. Nandigram is less fertile, not located on the national highway and

local MP and district leader of the CPIM, mentioned in a speech at Nandigram that agricultural land - covering 27 *mouzas* in Nandigram and two in the adjacent Khejuri village - would be acquired for the chemical hub. A notice was issued by the HDA the very next day announcing the same. The first instance of protest and violence was reported within less than a week - on 3<sup>rd</sup> January 2007 - with conflicting reports emerging about confrontation between the police and protestors in which several people were injured, with each side blaming the other for initiating the violence.<sup>209</sup> Following these confrontations, local people dug up roads and destroyed several bridges to prevent the police from entering their villages (Report of the People's Tribunal on Nandigram, 2007). As Nandigram became cut off from the rest of the state, sporadic violence erupted in the area on an almost daily basis. At least six people were killed as armed men, allegedly backed by local CPIM cadres, fired and hurled bombs at groups of protestors on 7<sup>th</sup> January<sup>210</sup>. There were several reports of illegal weaponry being dumped at Nandigram and tension continued to mount despite repeated attempts by the authorities to restore peace<sup>211</sup>.

According to newspaper reports<sup>212</sup> and the People's Tribunal on Nandigram (2007), on 14<sup>th</sup> March, at around 9.30 am, two forces comprised of 300 and 500 armed policemen entered the area from the Nandigram and Khejuri sides respectively. The forces allegedly included

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there was considerably less land speculation. Above all, the proposal in Nandigram was to set up a SEZ, whereas in Singur, the acquisition of land was for a car factory. However, in Nandigram, acquisition of homestead land was also a possibility, thus evoking fear not only of dispossession, but also of dislocation. The similarity between the two cases was in the manner in which, as Bhattacharya (2007) wrote, such basic fears of the rural poor were manipulated, resulting in similar apprehensions about loss of land and livelihood not only among the people earning their livelihood directly from agriculture, but also others who had lived in the area for generations and those providing various services to them.

<sup>209</sup> On 3<sup>rd</sup> January, in response to the incidents of violence, Buddhadeb Bhattacharya informed the press that no notification for acquiring land in Nandigram had yet been issued. The Statesman reported on 4<sup>th</sup> January that "Mr Buddhadeb Bhattacharjee today parried questions on the mob fury and attack on a police contingent at Nandigram and said no notification for acquiring 25,000 acres of land for Salim Group projects had as yet been issued. The chief minister's comment, however, did little to clarify the situation regarding the notice issued by the Haldia Development Authority to gram panchayats".

<sup>210</sup> Source: *Ananda Bazar Patrika*, 8<sup>th</sup> January 2007.

<sup>211</sup> Source: January-March issues of *Ananda Bazar Patrika*, The Telegraph and The Statesman.

<sup>212</sup> Source: 15<sup>th</sup>-20<sup>th</sup> March issues of the *Ananda Bazar Patrika*, The Telegraph and The Statesman.

hundreds of CPIM cadres as well, some clothed in khaki police dress, with sandals on their feet and caps with the logo of Bhagat Singh (a revolutionary leader of the Indian freedom struggle). The police fired indiscriminately at people, including women and children. Fourteen people died, one went missing, and hundreds were injured, the majority of whom were women. Many women were also reported to have been sexually assaulted, both by the police and the party cadres. Surprisingly, the local police did not even record an FIR (First Information Report) or report these incidents to the District Magistrate. The Times of India observed in its 15<sup>th</sup> March issue:

In a brazen display of muscle power, thousands of CPM men sealed off all access points along a 30-km radius around Nandigram and prevented journalists from entering the area, while the police carried out a bloodbath on Wednesday morning. In a carefully orchestrated plan, the administration stayed away from Digha Road — the highway from which several roads meander into Nandigram. Instead, CPM supporters took position, setting up checkposts at strategic points to flush out media persons from vehicles headed towards Nandigram.

A statement was issued by the Governor of West Bengal on the evening of 14<sup>th</sup> March, admitting that “the news of deaths by police firing in Nandigram this morning has filled me with a sense of cold horror”<sup>213</sup>. Soon after, the Calcutta High Court passed an order on its own motion to initiate a public interest litigation, observing: “prima facie we are satisfied that this action of the police department is wholly unconstitutional and cannot be justified under any provision of law”, and called for a special inquiry into the incident by the Central Bureau of Investigation<sup>214</sup>. There were reports that human rights groups, while moving towards Nandigram, were obstructed by CPIM cadres. It was also found that there was an urgent need for medical and material help for the people of Nandigram. The Calcutta High Court issued an order allowing free movement of the people for the purpose of relief work.

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<sup>213</sup> Source: The Telegraph; 15<sup>th</sup> March 2007.

<sup>214</sup> Source: Annexure I of the Report of the People’s Tribunal (2007)

The People's Tribunal Report (2007) categorically gave the verdict that the West Bengal government, particularly the district administration, engaged police forces along with armed ruling party hooligans to *teach a lesson* to the poor villagers in Nandigram. The conclusive recommendation of the report was that in order to prevent a recurrence of the incidents of 14<sup>th</sup> March in any form, the government should make a solemn declaration that force would not be used against local people for the “so-called restoration of law and order and control of administration”.

Not unexpectedly, the events at Nandigram were widely condemned. In a joint letter to the Economic and Political Weekly on 31<sup>st</sup> March 2007, a number of well known academics and activists commented:

We the undersigned, who have long been associated with the Left movement in the country, feel deeply pained and anguished by the loss of lives and injuries suffered during the police action in Nandigram on March 14. Nobody belonging to the Left would ever justify repressive action against peasants or workers who are the basic classes of the Left. The tragedy at Nandigram on March 14 was an entirely unanticipated, unjustified and unfortunate turn of events, whose exact origin and course should be established through a proper inquiry (Bagchi, Raina, Rahman *et al*, 2007).

In another article, a group of noted economists including Abhijit Banerjee, Pranab Bardhan and Kaushik Basu wrote:

We, of course, unambiguously condemn the brutal assault on, and killing of, farmers resisting land acquisition by the police and cadres of the ruling party in Nandigram on March 14, 2007. Whatever the provocation they may have faced, there should be no exceptions, and no caveats on the question of abuse of human rights (Banerjee, Bardhan, Basu *et al*, 2007).

Similar reactions continued to pour in, along with protests and demonstrations in the streets of Calcutta. The *bhadralok* image of Buddhadeb Bhattacharya also suffered as leading names in Bengali intelligentsia – with whom Bhattacharya was known to have close ties - reacted

sharply. Historians Sumit Sarkar and Tanika Sarkar, celebrated economist and poet Tarun Sanyal and author Nabarun Bhattacharya returned their respective awards from the state government. Poet Sankha Ghosh and literary critic Asrukumar Sikdar resigned from their respective positions as vice-president and member of the Bengali Academy<sup>215</sup>, and many more similar examples followed. In a meeting held in Calcutta by leading intellectuals, film and theatre personalities to condemn the government's role in the violence and killings at Nandigram, the collective anguish was clearly articulated by Sumit Sarkar: "We have been leftists all our lives. But we cannot accept the manner in which the police and CPM activists have committed atrocities in Nandigram. I cannot believe that a Marxist government has allowed this" (RoyChowdhury, 2007).

#### **6.2.4 Larger Thematic Resonances and an Ideological Critique**

As well as procedural critiques about land acquisition, the incidents at Singur and Nandigram have also thrown up larger questions about the nature of the development paradigm such initiatives are embedded in. The first major issue to have emerged questions the extent to which the state should act as a facilitator for private-capital led projects such as these, with supporters (e.g., Sarkar, 2006, 2007) and detractors (e.g., Banerjee, Bardhan, Basu *et al*, 2007) on either side of the argument. The second question is about the neoliberal economic order itself, which has come under increasing criticism for its claim to be the sole hegemonic model and inducing a re-enactment of the 19th century paradigm of industrialisation by expropriation of agricultural land, the victims of which are the peasants who are increasingly being sucked in by expanding urban areas. The present Indian state's efforts to pursue the neoliberal model of industrialisation, is resulting in the building small enclaves of private wealth within a much bigger economy that remains backward and stagnant, where farmers

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<sup>215</sup> Source: *Ananda Bazar Patrika*, 18<sup>th</sup> March 2007.

commit suicide and *dalit* and tribal peasants are forced to migrate to cities to earn a living and are exploited by urban commercial predators (Banerjee, 2006). In a widely cited article titled *Development or Development Terrorism*, Amit Bhaduri writes:

The unprecedented high economic growth on which privileged India prides itself is a measure of the high speed at which the India of privilege is distancing itself from the India of crushing poverty...We first need to understand this paradox which counterposes growth against development, and challenge this dangerous obsession with growth. Globalisation is the context in which growth is taking place. The accompanying processes of economic liberalisation and privatisation are tilting the balance in favour of the market against the nation state... A massive land grab by large corporations is going on in various guises, aided and abetted by the land acquisition policies of both the federal and state governments. Destruction of livelihoods and displacement of the poor in the name of industrialisation, big dams for power generation and irrigation, corporatisation of agriculture despite farmers' suicides, and modernisation and beautification of our cities by demolishing slums are showing everyday how development can turn perverse (2007:552).

These are not questions restricted to a local political economy; they have much wider ramifications that have come to dominate the latest trajectories in development discourses around the world. While such debates are beyond the ambit of this research, it is interesting to note how attempts at engineering an economic policy transition by a Left government have come to display such widely resonating trends.

The questions raised by the Singur-Nandigram incidents, however, have also taken another distinct form: that of a moralistic critique about the changing *class character* of the Left regime. How can a government of Left parties - one that proclaims to be a *government of the poor* and boasts of a rich history of land reforms, democratic decentralisation and political mobilisation among the working class - engage in such acts of oppression against the poor peasantry, displacing them from their land, especially in order to court private multinational conglomerates? The CPIM in particular has also been severely criticised by traditionally Left sympathisers for having suffered a complete loss of the moral philosophy that once

underpinned the principles of communism (Banerjee, 2007). The Nandigram incident- writes the anonymous author, *A CPIM Supporter*:

...is a culmination of the West Bengal CPI(M) leadership's buying the logic of neoliberal economic policies. The symptoms have been visible for some years now. Rather than fighting against the neoliberal paradigm of attracting private investment by offering sops and reigning in the trade unions, the pronouncements made by the leaders of the LF government seems to suggest that they agree with it. The pursuit of a loosely defined goal of "development" has acquired primacy at the cost of class struggle and raising the consciousness of the people against neo-liberal policies. It has been immensely demoralising for CPI(M) members and sympathisers all over the country to see their politburo member and chief minister of West Bengal repeatedly state in newspaper and television interviews that communists have to get rid of their 'dogmas' (2007:1596).

The above review summarises the diverse opinions that have emerged over the Singur-Nandigram incidents, ranging from initial knee-jerk reactions to seasoned procedural critiques of the entire land acquisition initiatives, and denouncement of the party for having abandoned its erstwhile ideological/moral character. Needless to say, the withdrawal of a high profile project by a major business and the perceived associated lack of management abilities of the government did little good for the industrial climate of the state, which seemed to once again have seeped into the doldrums of its erstwhile credibility crisis.

However, there remains a third dimension to the story that has rarely been touched upon: can the Singur-Nandigram incidents be contextualised within the politicised transition process that the government had been engaged in since the early 1990s? In other words, can the turn of events also be described as a culmination of the contradictory political character of the entire transition process, in addition to policy/procedural errors and/or a larger ideological deviation? The rest of this chapter focuses on this question.

### **6.3 The Alternative Bureaucracy of the CPIM**

It is necessary to formulate certain theoretical notions in order to successfully examine the above questions, for which some of the fundamental characteristics of the CPIM need to be revisited. In the second part of Chapter 3, the following factors were identified as some of the defining features of the party's political rationale: the emergence of a new political ruling class, the authority it came to exercise over state institutions, and an ideological legitimisation of such practices stemming from a suspicion and hostility towards liberal constitutional arrangements and formal bureaucratic structures. These features, taken together with the party's tactics to create and sustain hegemonic structures (discussed in detail in Chapter 3) highlight the fact that the CPIM had created an entire parallel structure of its own to supervise and control crucial state institutions, as well as to monitor the provision of even the most basic civic services with an eye towards upholding partisan motives.

A parallel phenomenon reinforced this development. While West Bengal was routinely criticised for bureaucratic inefficiency, it be recognised that historically, given the level of party-supervision, it was rare that an administrative decision (particularly below state level) could be taken without political approval. Thus, as a result of decades of political 'guidance', the formal bureaucratic channels gradually lost their capacity to function independently. A Deputy Director General of the CII, on condition of anonymity, admitted:

Bureaucrats in West Bengal have been hiding behind their political bosses for over thirty years, and were never able to get rid of this habit and emerge as objective facilitators/implementers of governance decisions<sup>216</sup>.

Dipankar Chatterjee (ex-Chairman CII, Eastern and North-Eastern regions) observed:

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<sup>216</sup> Source: *Interview*, 30<sup>th</sup> June, 2009, Calcutta.

The government in West Bengal was never able to carry the bureaucracy. The state bureaucracy had lost the capacity to work because of not having to work as an independent agency for decades. Unlike other states where the bureaucracy would implement whatever the leaders would say the next day, in West Bengal the leaders did not want to appear too keen to push the bureaucracy to pursue governance matters, and the latter would not work without political approval and guidance.<sup>217</sup>

What this meant was that the government was reliant on the party's networks even for administration. From assessing ground level priorities to formulating policy decisions to implementing them, the party's parallel structure was in charge. In effect, this structure was analogous to an *alternative bureaucracy* - owned and controlled by the party - working primarily to maximise political interests by virtue of its authority over formal administrative services, and admission to which was only possible on the basis of political allegiance.

D.N. Ghosh, Chairman of the Peerless Group of Companies, and one of the most senior members of the IAS (Indian Administrative Service) provides an accurate description of the CPIM's attitude towards formal bureaucratic channels<sup>218</sup>:

The CPIM took pleasure in the fact that *they completely pulverized the bureaucracy*. The state bureaucracy never functioned in the way central bureaucracy could. Jyoti Basu was the only leader with enough authority to have improved the situation, but he never tried. Buddhadeb Bhattacharya, in spite of honest intentions, was never able to achieve it either as he did not command that kind of an authority in the party. Because the CPIM did not trust the formal bureaucratic channels, they had created their *alternative bureaucratic structure*.<sup>219</sup> (*emphasis added*)

This was certainly not an unexpected development. As discussed in Chapters 2 and 3, controlling the various administrative units was one of the declared political-ideological goals

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<sup>217</sup> Source: Interview, 8<sup>th</sup> August, 2009, Calcutta.

<sup>218</sup> Mr. Ghosh has served in various positions in several central government departments. He was appointed Chairman of the State Bank of India and was one of the pioneers of the nationalisation of banks during Indira Gandhi's regime. He joined the Left Front government after 1977, and eventually moved into the private sector. He has served as the Chairman of the Directors' Boards in companies like Philips India Limited, Larsen & Toubro Limited, the Indian Institute of Management- Lucknow, Management Development Institute- Gurgaon; and the Peerless Group of Companies.

<sup>219</sup> Source: Interview, 11<sup>th</sup> August 2009, Calcutta.

of the party, and it had successfully designed a layer of political supervision for each administration level, from the *gram panchayats* up. Although during the initial period of Buddhadeb Bhattacharya's tenure there was a perception that the government might be gradually distancing itself from the party (see Chapter 5 for details), Anil Biswas, the then CPIM Secretary and Left Front Chairman, explained in a 2001 interview that the government and the party remained in a *symbiotic* relationship and went on to assert that a true Marxist gladly follows the party diktat and is proud to be a "puppet in the hands of the party"<sup>220</sup>. Given such an attitude, it is hardly surprising that the government, instead of relying on formal bureaucratic channels for administrative purposes, started to rely on the *party's own people or own sources*. D.N. Ghosh further commented:

The CPIM had set about creating their alternative structure from the very beginning. While this is a common practice among all political parties, their political channels tend not interfere with the official bureaucracy. But in West Bengal the party bureaucracy has completely engulfed the official bureaucracy. It has been a very common practice to rely upon what *our people* are saying in spite of the District Magistrate, the police or other official channels giving contrary reports.

Undoubtedly, with the widespread and deep-rooted organisational networks of the party based on the new political ruling class (or the middle-class core of party functionaries that included government employees, school teachers, government contractors, middle and rich peasants, etc.- see Chapter 3 for details) that had emerged in West Bengal, the alternative bureaucratic structure became a much more efficient and politically acceptable channel to collect or disseminate information, exercise control and coercion, and enter the ambit of family and even moral space to maintain the political status quo. The tasks it performed were manifold, and included (but were not restricted to): (1) supervision/control of state institutions to ensure their activities were politically acceptable; (2) creation and sustenance

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<sup>220</sup> Source: "It's now or never", The Statesman, 25<sup>th</sup> May 2001.

[http://www.thestatesman.net/index.php?option=com\\_content&view=article&show=archive&id=26739&catid=39&year=2001&month=5&day=25&Itemid=66](http://www.thestatesman.net/index.php?option=com_content&view=article&show=archive&id=26739&catid=39&year=2001&month=5&day=25&Itemid=66) accessed 11<sup>th</sup> July 2012.

of patronage networks; (3) supervision of all governance/development initiatives in an area to ensure adequate political returns (such as donations or payments to party funds, employing local unemployed party supporters, using raw materials provided by party-run syndicates, etc.); (4) functioning as the sole negotiating channel between the public and the state for provision of civic services, thereby ensuring political allegiance of the citizenry<sup>221</sup> (at times by force if necessary); and (5) acting as the sole reliable source of information for the higher authorities to take administrative/policy decisions (for example, the local committee would be in charge of preparing or supervising the BPL list in a village, identify which families were eligible to subscribe to government schemes, authorise transfers/promotions among government employees in the locality, etc. Predictably, access to such services/facilities would only be provided if one was willing to subscribe to the patronage network or promise political allegiance<sup>222</sup>). This is how the notion of the party-society - discussed in Chapter 3 as the key theoretical marker for the state of affairs in West Bengal - overlapped and eventually engulfed the governance space in the state, translating even the most basic tasks of governance into a political project. Chatterjee, in his usual strong manner, writes:

“Every account speaks of the ubiquitous presence of the ‘party’. One knows that despite some general characteristics of democracy in India, each region and state has its own peculiar practices and idioms of democratic politics. In West Bengal, the key term is ‘party’. It is indeed the elementary institution of rural life in the state – not family, not kinship, not caste, not religion, not market, but party. It is the institution

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<sup>221</sup> As Partha Chatterjee (2009:44-45) writes: “The sway of illegality in the daily lives of most people in rural society is astounding in its range and depth. From land records to barga rights to minimum wages, the official records do not show the real picture. This is not, however, a simple story of bureaucratic corruption. In most cases, it is a politically mediated result of attempts to find fair and consensual solutions... Thus, landowning families who have effectively moved to non-agricultural occupations may be persuaded to allow others to cultivate their land without any formal transfer of title or tenurial rights. More people may be accommodated in a public works programme at less than minimum wage without the official records showing the discrepancy... If one moves to non-agricultural activities, the illegalities are endless. Almost all husking mills in West Bengal are unlicensed. Most of the trade in agricultural commodities, in spite of laws and regulating institutions, is effectively unregulated. Most rural shops and roadside markets are regulated politically, not legally. The same goes for rural transport. In all such cases, we will find that the law is either too restrictive or too cumbersome or too expensive to be acceptable and, therefore, it is the local political leadership, belonging to one or the other “party”, which steps in to regulate the transactions.”

<sup>222</sup> Bardhan, Mitra *et al* (2009) argue that the lasting political success of the Left Front in West Bengal, even if partially, was owed to such clientelist relationships of the party with the voters.

that mediates every single sphere of social activity, with few exceptions, if any. This is indeed the true significance of the shift from the old days. Every other social institution, such as the landlord's house, the caste council, the religious assembly, sectarian foundations, schools, sporting clubs, traders' associations, and so on, have been eliminated, marginalised or subordinated to the 'party'" (Chatterjee, 2009:43).

This alternative bureaucratic structure gave rise to some key *area specific political managers*, or party supremos who would oversee all operations in their individual localities/districts. Some, who operated on the fringes of Calcutta, were established mid-level leaders such as Kanti Ganguly or Subhash Chakraborty<sup>223</sup>. Similar figures emerged in other districts, for example, Lakshman Seth and Sushanta Ghosh in East Midnapore, Dipak Sarkar in West Midnapore, Balai Snapui in Hooghly, and Zakiruddin Balluk in North 24 Parganas. These people became the go-to men for the government for almost anything in their respective areas - law and order problems, agricultural issues, health, educational services, as well as industrialisation initiatives. The usual practice to carry out any work was to entrust these district level political managers with the overall responsibility; they would then involve the appropriate people/channels (local political leaders and party cadres in the zonal and local committees and the *panchayats*) to carry out monitoring on a daily basis. The formal administrative channels such as the block development offices or local municipalities were completely subservient to the *panchayat* or the local committee.

Nirupam Sen acknowledges the emergence of the political managers as a distinct feature of the state, describing it as a formation of *power centres* in the lower levels of the party:

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<sup>223</sup> Kanti Ganguly oversaw all matters related to colony lands, negotiating displacement and reallocation when the land became necessary for various infrastructure and housing projects. Roy (2002) gives several interesting examples of the roles played by Subhash Chakraborty, who was also the transport minister. In his DumDum constituency on the northeastern fringes of the city, Chakraborty had successfully forged electoral alliances with promoters. "Subhash was fighting a governmental initiative to broaden the VIP Road... by demolishing all houses illegally constructed within five hundred metres of the road. In the final Public Works Department survey, the buildings constructed by Subhash-supported promoters survived, marking a key victory for the new alliances between the CPM and private real-estate interests" (170).

Democratic decentralisation has been one of our biggest achievements, and it has indeed reached the grassroots. But at the same time power has also been decentralised. As a result, a number of *power centres* have come up in the lower levels. The main feature of these power centres is that these generate a backward networking process, i.e. instead of the usual networking practices historically inculcated in our party- where our cadres used to reach out to the people- now the local leaders in control of these power centres seem to attract people on account of their *positions and connections to get things done*. This trend reversal has also generated a sense of a privileged status and authority among leaders in charge of the power centres. Today, they seem to believe that it is not necessary to reach out to the common people any more. On the contrary, they have started to sort out problems exercising their political authority but only when people themselves bring their problems to the attention of the party and request their help (*emphasis added*).<sup>224</sup>

Throughout the 1980s and early 1990s, though the alternative bureaucratic structures were extremely active, the stagnant economy of the state had checked the capital-gravitas of these middle-class party elites. While they prioritised a political agenda and sustained patronage networks through the *panchayats* and party offices, their simple lifestyles and relatively clean images earned them acceptance in the eyes of the common people. However, as the pace of transition gradually picked up, with increasing numbers of infrastructural and urbanisation projects and a steady influx of capital even in rural areas, a new group of political managers emerged and started to operate in a way that not only maximised their political clout, but also accrued personal benefits. For example, the party supremo in East Midnapore district - Lakshman Seth - had various allegations and court cases against him, ranging from arson to disproportionate assets. Recently, the CPIM itself questioned the ownership patterns of ICARE (Indian Centre of Advancement of Research and Education), an NGO he headed. While the party allows its members to work for an NGO, ICARE was allegedly owned by Seth and his family members, though the party prohibits such ownerships<sup>225</sup>.

While Seth has been a much debated case in recent times, using political positions for personal gains has been one of the most widely practiced and openly evident tactics

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<sup>224</sup> Source: Interview; 22<sup>nd</sup> September 2009, Calcutta.

<sup>225</sup> Source: "Lakshman Seth's NGO comes under CPM lens"; The Indian Express, 18<sup>th</sup> May 2010.

<http://www.indianexpress.com/news/lakshman-seths-ngo-comes-under-cpm-lens/620297/>; accessed 11<sup>th</sup> July 2012.

employed by party leaders at various levels. Many party members, from small-time local committee workers to some of the top functionaries, have amassed a great deal of property by virtue of their access to development funds<sup>226</sup>. As Roy observes, “nowhere perhaps is this ostentation more apparent than in the swanky new offices of the *Ganashakti*, the CPM’s Bengali daily. On my first visit to Ganashakti Bhavan, I was overwhelmed by this structure, wrapped in marble and granite, its postmodern furniture and monogrammed ashtrays, central air-conditioning, shiny new elevators staffed with uniformed guards. It was a long way from the decrepit and the musty party offices...no wonder that the building has come to be seen as a towering exhibit of the rich cash flow into the party” (Roy, 2002:172).

However, it was not only at the top that one witnessed such accumulation of wealth. It was just as bad at the grassroots. Consider the following examples widely reported in the media:

- Himangshu Das was the CPIM zonal committee secretary in Khejuri, Nandigram. As a member of the local *zilla parishad* (the top tier of the three-tier panchayat system—overseeing all the panchayats in an entire district), he received a salary of Rs 1,500 per month. As a district committee member of the party he also earned another Rs 1,500 per month. These were his only known sources of income. But he owns a palatial house in Khejuri with air-conditioned rooms, a car and a bike. Local villagers alleged that he siphoned off funds meant for the local civic bodies. In August 2009, they attacked his house, dragged him out and beat him up in public. Das fled the village with his family. “How could a communist leader amass such huge wealth? He

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<sup>226</sup> Source: The Telegraph, 9<sup>th</sup> March and 1<sup>st</sup> May 1997.

had become a *crorepatti* (multi-millionaire) and behaved like an industrialist”, said Manik Maity, a villager at Khejuri<sup>227</sup>.

- In another incident, on 15<sup>th</sup> June 2009, a two-storey house belonging to Anuj Pandey, CPIM zonal committee secretary, Lalgarh (an extremely backward area in East Midnapore), was partly demolished by the local villagers. Mr. Pandey was unemployed before joining the party, and as a party full-timer earnt Rs 1500 per month. But he came to own 40 bighas<sup>228</sup> of land and built a sprawling house on it. The only big house in the entire village, it had air-conditioners, LCD television, a refrigerator, and expensive furniture. On the day, well over two thousand villagers converged on the house, beating drums and chanting: “come and watch how a *zamindar’s*<sup>229</sup> house made with money sucked from poor peasants is being demolished.” The local party office was closed and Pandey and his family fled the area (The Telegraph and *Ananda Bazar Patrika*, 16<sup>th</sup> June 2009)<sup>230</sup>.

A number of interesting cases can be cited from the Haldia Township, an area which benefited immensely from the development of Haldia Petrochemicals, the Left Front’s pet industrial project over two decades:

- S.K. Muzaffar, CPIM councillor in the Haldia municipality, controlled the workers’ union of the Haldia dock and allegedly ran the dock’s labour market. He owned a storage facility, cargo trading agency and a logistics agency - all operating at the dock. About 1,500 labourers worked under him. Muzaffar had been a worker at the

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<sup>227</sup> Source: Sanhati, 2010; <http://lalgarh.wordpress.com/> accessed 21<sup>st</sup> February 2012.

<sup>228</sup> *Bigha* is a unit of measurement of land, used in several parts of India. While measurements can vary in different states, in West Bengal, 1 *bigha* is approximately equal to 1/3 acre or 1337.9 square meters of land.

<sup>229</sup> It is interesting to observe how the term *zamindar* - meaning landlord - has come to be used to describe a communist leader.

<sup>230</sup> On 10<sup>th</sup> October 2010, the CPIM held a massive rally at Lalgarh, led by the same Anuj Pandey, and the party office was eventually opened.

dock in the 1970s. Later he became an employee of Haldia municipality and eventually a local CPIM leader. “For him, becoming a communist was more profitable than being a worker in the municipality,” said a local Congress leader. After the CPIM came to power in the state, Muzaffar started to expand his business, and became a councillor in the municipality. One of his sons studied in London and another helps him in business. Another son has a fascination for car racing. Muzaffar does not see anything wrong in being a communist and a businessman at the same time. “Tell me where it is written that communists cannot become businessmen and become rich. It’s the propaganda of frustrated people,” he said<sup>231</sup>.

- Ashok Patnaik and Ananta Bera, two other prominent CPIM leaders in Haldia, also have thriving businesses. On quitting his job as a primary schoolteacher and joining the party, Patnaik soon became the chairman of a cooperative society which brought him in direct contact with the local business community. Later, as chairman of a council in the Haldia Development Authority, he looked oversaw the major land deals in the Township. “Basu wanted to make Haldia an industrial hub and spent crores for its development. Leaders like Patnaik benefited from it,” said a local CPIM leader. When the port was upgraded, Patnaik, like Muzaffar, seized his opportunity. Now, he is one of the richest contractors in the Haldia dock. “He drives almost all cars available in the market. He is one of the richest communists in India.”<sup>232</sup>

Bera also benefited hugely from the party’s decision to make Haldia an industrial hub for cars and petrochemicals. Hailing from a poor family in Contai, East Midnapore, he had moved to Haldia with his wife, also a CPIM member, in the late 1970s. “They are

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<sup>231</sup> Source: Sanhati, 2010; <http://lalgarh.wordpress.com/> accessed 21<sup>st</sup> February 2012.

<sup>232</sup> Ibid.

successful businessmen and CPIM leaders as well. They have changed the meaning of communism," said a senior CPIM leader on condition of anonymity<sup>233</sup>.

That such stories and sites have surfaced in almost all districts and localities of West Bengal aptly demonstrate two things. First, it is apparent that a new group of political managers has emerged across party levels, with varying degrees of power and authority. Second, with the advent of industrialisation, they started to use their positions not only for political, but also personal benefits, as the gradual transformation in their lifestyle - particularly those with direct access to local development funds - testifies. While this is nothing new in India, the communists have always enjoyed a relatively clean image with their simple attire and lifestyle. Most top level leaders lead a modest life even today, but many district or local leaders live in palatial houses, drive expensive cars, and own factories or even shopping centres. The evidence is largely anecdotal, but there is no accounting for the disproportionate wealth accumulated by many such district level leaders. Even local party members openly admit that leaders who are closely associated with the central government sponsored projects in their areas, usually take advantage of the lack of government monitoring, and siphon off huge amounts of money from the *panchayat* funds<sup>234</sup>.

Nirupam Sen, in the interview quoted earlier, admitted this was a growing problem within the party:

With the assumed authority of the leaders of the power centres, people start approaching them - not from any ideological affiliation with the CPIM - but only to seek personal favours such as to guarantee jobs in local government schemes, solve land ownership issues, sort out family problems, etc. The party is also increasingly interfering in all these. But such practices have a dual effect. Firstly, it creates a negative impression on large sections of the local community that remain outside this personal equation between the power centre leaders and

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<sup>233</sup> Ibid.

<sup>234</sup> Numerous such stories are published regularly. For example, see The Telegraph, 9<sup>th</sup> March 1997, for reports on CPIM workers themselves complaining that they were being singled out while top-ranking leaders continue to lead extravagant lifestyles.

those who approach them. It seems that the party is behaving in a parochial nature or may have vested interests. Secondly, it is not uncommon for the local leaders to use their power and authority for personal benefit. There are several instances of such misuse of power happening at the lower levels. And if somebody is indeed engaged in such behaviour, then he will naturally try to retain or cling to his position in any manner whatsoever - by contesting elections, trying to gain a higher political or administrative position, or even by becoming an MLA. Therefore over time an effort to *stay in power* replaces provision of public services as the major objective. From a purely objective viewpoint, such developments are neither unnatural nor unique. But what is of concern to us is the lack of maturity and understanding that some of our party cadres at the lower ranks have come to display in recent times. They need to understand that their task is to be with the people, and not behave in such restricted manners. This is the core of the problem in the party today (*emphasis added*).<sup>235</sup>

This is indeed a candid admission, though modestly expressed. It is also true that such trends are quite common in India, irrespective of political parties. However, what makes West Bengal stand out is that in spite of such growing trends and at times the party itself acknowledging such behaviour<sup>236</sup>, gradually the entire government became dependent on these political managers and the alternative bureaucratic structures to formulate and execute policy/administrative decisions, particularly from the mid-1990s onwards once industrialisation became a priority. In the absence of clear approval from their political leaders, the bureaucrats hesitated in implementing policy directives, and in turn, the CPIM headquarters (at Alimuddin Street, Calcutta) became the main functioning organ. Each and every investor had to visit, in addition to the Chief Minister's office and WBIDC, the premises at Alimuddin Street. It was believed (perhaps rightly so) that if a clearance could be obtained from the political headquarters, anything could be done, even bypassing formal regulations. The leaders at Alimuddin Street would put the investor in touch with *their own people* who would oversee the entire project and guarantee no disruption. Of course such facilities came with conditions, such as making regular donations to party funds, employing only party-approved local labourers and suppliers, etc. Failure to comply with any of the

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<sup>235</sup> Source: Interview; 22<sup>nd</sup> September 2009, Calcutta.

<sup>236</sup> The party runs periodic programmes of *shuddhikaran* (rectification), where corrupt party functionaries are identified, names published and some even purged. But the cadres are increasingly found to capitalise on the dynamics of informality, and sanctions have usually proved ineffective (Roy, 2002:171.).

conditions would not only result in delay, but all kinds of disruption (licences not issued, clearances not given, electricity or telephone connections delayed, even threats and physical attacks). These practices took an institutional form at the site of the New Township project in Rajarhat. Local CPIM cadres formed syndicates to supply raw materials to all the projects (often at higher prices and of inferior quality), and refusal to buy items from the syndicates led to indefinite delays<sup>237</sup>. Even the premier projects of renowned companies with all their political connections could not escape this<sup>238</sup>.

Santosh Ranjan Saha, Chairman of Delta India, a textile and garment manufacturing company with operations spread over different states, illustrates the disruptive political culture prevalent at ground level:

We were originally a Bengali company, with a number of textile mills in West Bengal. Unfortunately we were compelled to withdraw from the state during the turbulent environment of the 1980s. By mid-1990, I was getting repeated requests from several CPIM leaders to start operations in West Bengal once again, citing the changed scenario. I did set up a factory, but within six months local political lumpens started to interfere in operations, and as I refused to pay heed to their demands, they incited the labourers to call a strike. I eventually had to request Buddha *babu* to intervene. He got those men arrested and I could resume operations. But only because I had access to the highest authorities could I manage to get things sorted. It would be impossible for small entrepreneurs, especially in rural areas, to do so. To this day, such low level political interference continues to contradict what the top authorities promise. Not only does such behaviour create operational problems, it also impacts our costing and productivity levels.

On the other hand, there is no denying that Bengali labourers are highly efficient. If one looks at the garment factories in Kanpur, Mumbai, Delhi and elsewhere, those are predominantly run by Bengali labourers. But unfortunately, in West Bengal itself, local political leaders instruct the labourers not to maximise production, so that the management can be coerced into accepting the demands of those leaders. If one does not listen to them then they may delay the licences, withhold the delivery of raw materials or obstruct work in other ways. The situation has improved over the last few years under Buddha *babu*, but at a very slow pace, and only in the urban areas.<sup>239</sup>

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<sup>237</sup> Source: The Telegraph and *Ananda Bazar Patrika*; August 2009 issues.

<sup>238</sup> There are numerous other stories from Rajarhat demonstrating how the CPIM is engaged in and has been profiteering from the land business. For examples, see Chandra, 2008.

<sup>239</sup> Source: *Interview*; 14<sup>th</sup> August 2009, Calcutta.

The general secretary of ASSOCHAM, D.S. Rawat, describes this situation as a problem of low level political interference that continues to plague the industrial prospects of West Bengal, despite honest intentions at the top:

Investors willing to invest in West Bengal often complain about the political rigidity among the people at the ground level. As soon as one starts negotiations to acquire land, commence construction, or for any other purpose, local political issues will invariably emerge. Low level political interference is the main problem in the state. There is almost a natural tendency to politicise everything, let alone industrial initiatives.<sup>240</sup>

However, it was in pursuing implementation for industrial initiatives that the alternative bureaucracy first started to falter, as there remained a serious discrepancy between intention at the top and capacity at ground level. It had functioned perfectly well as long as the political objectives and governance initiatives remained in tandem (during the land reforms and *panchayati raj* phase in the 1980s - see Chapters 2 and 3), but once the government started to push for industrialisation, and the party had to perform its balancing act (see Chapter 5), the situation took a different turn. As discussed in Chapters 4 and 5, the party hardly ever discussed the necessity or form of the transition, even with its own membership. Despite the rhetoric, the signals from the leaders were mixed. Therefore, while the political channels and the local party cadres in charge of the process were adept at exercising control and coercion, they were not trained in following policy directives and actually facilitating implementation, and there was no clear instruction from the top to forgo the traditional practices of maximising political hegemony. As a result, the maintenance of existing patronage networks and rent-seeking practices continued to remain the overarching priority at ground level. An example is that of Zakiruddin Balluk, a mid-level CPIM leader, active in the *Aamdanga* area of North 24 *Parganas* district, who refused to allow any entrepreneur to build a factory in his area unless they acknowledged his authority. His usual practice was to demolish whatever

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<sup>240</sup> Source: Interview; 25<sup>th</sup> July 2009, New Delhi.

construction that might have taken place and recapture the area. Calcutta-based businessman Asim Bhoumik tried to set up a fishery in the area, but abandoned the project due to regular disruptions and threats from Balluk's men. Similarly, Chitta Chakrabarty's agricultural farm and resort was burnt down three times. Balluk even disrupted an agro-industry which the state itself was training local party members for, and yet remained untouched. The police finally took action after Nripen Majumdar, another entrepreneur, whose construction ventures were receiving attention from Balluk, complained - and arrested him on the afternoon of 14<sup>th</sup> March 2007. That night, large numbers of his supporters attacked the local police station where he was being held, freed him, and celebrated their victory by setting off firecrackers in front of the police station. The police could do nothing<sup>241</sup>. Balluk's story was widely covered in the media, but it was the norm in the entire state, where the party relied on low/mid-level leaders like Balluk to mobilize local support, and the latter in turn enjoyed complete authority in their respective localities, making any local initiative completely subservient to their diktats<sup>242</sup>.

However, when the state tried to facilitate industrialisation via these local political managers, these ambiguities started to feed upon each other. For example, the government was entirely reliant on the party people to pass on grass-root level information (such as the availability of land for a project) to higher authorities, on which administrative decisions would be based. But as the local political managers were traditionally accustomed to sending politically beneficial information, for them the choice of land would become an exercise, not in facilitating the actual project, but in maximising political advantage by undermining the territorial strongholds of the opposition. As a result the entire exercise would be distorted.

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<sup>241</sup> Source: *Ananda Bazar Patrika*, 16<sup>th</sup> March 2007.

<sup>242</sup> A term that can be often heard in the context of localised disputes in West Bengal is 'mutual'. Both parties - local CPIM cadres and the ownership - would say: "we've reached a *mutual*". This term - which is outside the ambit of any legal dictionary - means that: an understanding has been arrived at. What the nature of that understanding is, however, is never made public.

T.K. Dasgupta, one of the most senior officers in the Department of Commerce and Industries (GoWB), candidly admitted:

Completely wrong information is being fed to the higher authorities from the ground level. Our land-record system is extremely poor, virtually non-existent. So we have no option but to rely on bureaucrats on the ground, who are usually either party members themselves or are answerable to the local/zonal committees. Therefore, they are more concerned with remaining in the good books of their immediate political authorities, and hence would only supply information that will serve the purpose of, or be conducive to, what the latter group wants to hear. Such behaviour, though condemnable, is also understandable, as no one would want to put themselves at risk, given the complete authority that those political leaders enjoy in their areas.<sup>243</sup>

The once thriving tea industry spread over the northern districts of the state is another instance of how local political interference proved detrimental to industrial prosperity: it is in a dire condition today, mainly because the CPIM controlled local committees in the area were engaged in endless rent-seeking cycles for years. Suparna Pathak, the business editor of *Ananda Bazar Patrika*, who investigated the case in detail, observed:

Even after a string of labour suicides at several tea gardens, and the government promising to look into the conditions of the industry in 2002, to date the tea estates remain embroiled in endless cycles of promises to curb union control and increase productivity but with little effect. With many estates devoid of an owner or proper management, the operational responsibility has been taken over by local committees, which are predominantly made up of local CPIM members. In all gardens, the local committees claim that the price of leaves on average is Rs. 3.50 per kg, out of which the labourers on average get only one rupee, one rupee is kept by the committee as commission charges, and the rest is supposed to be kept as an emergency fund or invested back into the garden. But the factories to which leaves are sold say that the price ranges from Rs. 4.50 to 5.50 per kg. Thus for each kg of leaves sold, there is no account of one to two rupees. Workers claim that this amount, as well as most of the emergency funds, is siphoned off by the committee leaders. Even according to a conservative estimate, per garden, each committee leader makes an annual profit of rupees ninety *lakhs* to one crore. The factories are also mostly controlled by these leaders. As a result, the cycle continues, with the industry becoming increasingly sick<sup>244</sup>.

Evidently, it was a peculiar dialectic: formal bureaucratic channels were at best partly functional, conscious of not overstepping what would be politically acceptable; political

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<sup>243</sup> Source: Interview; 24<sup>th</sup> September 2009, Calcutta

<sup>244</sup> Source: Interview; 25<sup>th</sup> August 2009, Calcutta. Also see Pathak (2007).

guidance from the leaders was not forthcoming; and policy directives to facilitate industrialisation (as well as all other forms of service provision) were being monitored by people with (1) limited experience or administrative capabilities; (2) an entirely different skill-set, perfected to perpetuate political hegemony; and (3) a completely different objective of maximising political dividends and personal gains. The situation at ground level therefore became significantly different from the rhetoric of a favourable investment climate emanating from the top, as these local political managers continued to enjoy almost unchecked authority in their respective areas, and given their role in ensuring mobilisation for electoral purposes, the party had no way to rein them in. It was an exercise that kept getting stalled at cross-purposes: the promises to facilitate implementation made at the top were interpreted as a political exercise of reinventing the party's hegemonic tactics in order to maximise the benefits of the changed circumstances and influx of capital.

To summarise, the ideas expressed above - the alternative bureaucracy of the CPIM and the way it operates - take forward Roy's (2002) notion of institutional ensemble (see Chapter 3) and argue that the post-1990 transitional phase in the West Bengal's economy gave that ensemble a new space to propagate. As discussed earlier, throughout the 1980s the party had perfected creating hegemonic spaces and structures through populist networks and taking advantage of the informality that stemmed from the fuzzy overlap of the state's and the party's respective ambits. By means of a wide and pervasive party network and its core middle-class political managers/functionaries, the CPIM created, and over time came to exclusively rely on, what amounted to almost a parallel bureaucratic structure of its own, with political overseers positioned over each and every administrative decision-making source. Over time, the state administration lost its ability to function without political guidance.

As the economic environment of the state gradually started to transform, the party, as usual, depended more on this alternative structure to bring its declared intent to fruition. However, unlike before, owing to the ambivalent political guidance and limited negotiation across the party hierarchy, a gap emerged between the intention at the top and the ground realities. As a result, while the CPIM state leadership was promising to turn West Bengal into an attractive industrial destination and formulating economic, ideological and even emotional justifications for its changed orientation (see Chapter 5), low-level party workers went about their usual practice of exacting political benefits - perhaps more than before - as industrialisation meant a far greater quantum of funds was being circulated locally<sup>245</sup>.

In light of these ideas, we now return to Singur and Nandigram in an attempt to assess the specific role of the alternative bureaucracy in the series of events.

#### **6.4 The Multiple Narratives of Land, Negotiation and Violence**

সোনার ধান বুকে ধরে, জমি মোদের মা;

তুফান আসুক, পুলিশ আসুক, জমি দেব না।

*The land is our mother, harvesting golden crops. Come storm, come police, we will not give our land.*

(Text from a poster protesting land acquisition at *Beraberi* village, Singur)

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<sup>245</sup> In a similar vein Chatterjee (2009:45) writes: “the problems have been compounded in recent years with the huge expansion of infrastructure funds at the disposal of panchayat bodies. This has increased the demands on the managerial abilities of local political leaders... There is a new generation of local political leaders for whom the political management of benefit distribution, and hence the management of illegalities, has become a career.”

The predominant narratives that emerged from the events at Singur and Nandigram - as discussed earlier - were either procedural or based on moral/ideological grounds. Although political undertones could be found in both, a coherent political narrative, surprisingly, never came to the forefront. Admittedly, the nature of the episodes easily lent themselves to a state versus peasants or an ideological aberration format, but ignoring the political nuances leaves a void in understanding the layered nature of the role that the party played. In the following discussion, three crucial themes - land, negotiation and violence - are examined in order to build such a discourse.

#### **6.4.1 The Narrative of Land at Singur**

The *Interim Report of the Citizens' Committee on Singur and Nandigram* (2007) observed:

According to the Status Report issued by the CPM, most of the affected area is mono-cropped. They, however, seem to have used a land survey of the early seventies after which several deep tube wells have been sunk, and many shallow hand pumps set up, increasing soil fertility enormously. According to villagers, most of the land is under four to five crops...We did find very green fields and relatively prosperous village homes. The people are very humiliated that their land has been described as poor in quality and their labour devalued as a backward form of work<sup>246</sup>.

Therefore, one of the first questions that emerges on a close scrutiny of the Singur affairs is *why choose such a fertile area as Singur for a project that requires large scale acquisition and transformation of agricultural land into industrial usage?* While it is understandable that acquisition of some cultivated land was unavoidable, the fact that the government completely ignored the fertility levels of the area is inexplicable.

Nirupam Sen tries to explain the decision in the following manner.

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<sup>246</sup> Source: "Interim Report of the Citizens' Committee on Singur and Nandigram", 23<sup>rd</sup> March 2007. <http://singur-singur.blogspot.co.uk/2007/03/interim-report-of-citizens-committee-on.html>; accessed 27th July 2012.

When the TATAs decided to shift the project to West Bengal, our main thought was that this project would do a lot of good for the state. We showed them a number of areas, but they chose Singur. Given the importance of the project, we saw no reason to disagree. The nature of the land - whether it was mono or multi-crop - was never taken into account.<sup>247</sup>

Given its location, Singur is understandably one of the best possible sites from an entrepreneur's point of view. However, it is surprising that Sen admits that the fertility of the land was never a concern for the government. In fact, he goes on to state that the government did not even know about it.

Historically, the Singur area was predominantly low land. The fact that almost all the mouzas in the area have the suffix *bheri* in their names is a testimony to that<sup>248</sup>. Over the years most of the area has been developed by the local people on their own initiative, but it was never recorded. There are two reasons behind this: (1) the land record system in our country has always been extremely poor, and (2) the farmers themselves never informed the government in order to avoid the increased tax rates that would have been imposed on the developed lands. Local administration was also not active enough to take the initiative and identify the changes themselves. Therefore, in our records, most of the area remains *sali* (low yielding or single-crop), and only a small proportion is *suna* (high yielding or multi-crop)<sup>249</sup>

This admission does not explain why the government did not bother to verify its records before approving the project. What is even more perplexing is that in the face of widespread contrary reports in the media - declaring that Singur was indeed a highly fertile area - the government maintained a stoic opposition. The following is an excerpt from a television interview with Buddhadeb Bhattacharya that was broadcast on 25<sup>th</sup> February 2007<sup>250</sup>, almost ten months into the entire episode.

**Interviewer:** *So you, therefore, decided to give them [the TATAs] fertile land, knowing that it was the only way they would come to Kolkata?*

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<sup>247</sup> Source: *Interview*. 22<sup>nd</sup> September 2009. Calcutta.

<sup>248</sup> *Bheri* means 'low-land'. So the names *Singher-bheri*, *Bera-bheri*, *Khasher-bheri* indeed indicate that these areas were once low lands.

<sup>249</sup> Source: *Interview*. 22<sup>nd</sup> September 2009. Calcutta.

<sup>250</sup> Source: *Devil's Advocate*, CNNIBN, 25<sup>th</sup> February 2007: <http://ibnlive.in.com/news/devils-advocate-buddhadeb/34441-1-p2.html>; accessed 27<sup>th</sup> July 2012.

**Bhattacharya:** *No, no. What you are saying about the nature of the land [is not right] - maybe our reports are not up to date.*

**Interviewer:** *You concede that?*

**Bhattacharya:** *Yes. But I tell you that the major portion of the land is mono-crop. I stick to that.*

The reasons behind such discrepancy between the official and public versions (as well as the doggedness of opinion expressed by the state) have rarely been questioned. But it is here that the crucial role of the alternative bureaucratic channels of the party can be identified. In the absence of land records, the government relied blindly on the party's local political managers for the necessary information. Bhattacharya categorically admits this in the interview:

**Interviewer:** *How do you know that? If your report is not up to date, how can you say the major portion of land is mono-crop?*

**Bhattacharya:** *Then how can they [the citizens' committee] know that?*

**Interviewer:** *Because they visited it. They have spoken to the farmers.*

**Bhattacharya:** *I know these farmers better than them particularly. My colleagues are working there, my party, my peasants' organisation knows better than these people.*

Evidently, Bhattacharya's source of information was his party colleagues. He precisely echoes the kind of information that was fed up the chain by the political managers at ground level. For example, Balai Snapui, an influential local CPIM leader, said:

This is predominantly a mono-crop area. The whole area is low land, only a handful of plots at the edges, next to NH2, may be two-crop. Even if one takes that into account, out of the entire 997 acres, at most 100 acres are two-crop, the rest is all mono-crop. Furthermore, agriculture is hardly a profitable venture here. Even those people with two-crop land could at best procure their own consumption, there is hardly any profit ever, not even 2000 rupees a year per *bigha*.<sup>251</sup>

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<sup>251</sup> Source: Interview. 23<sup>rd</sup> September 2009. Singur.

Contrast Snapui's version with the following excerpt from Subrata Sinha's (ex-Deputy Director General, Geological Survey of India) article in Mainstream (2008):

The crème de la crème of this prime alluvial basin is the Hooghly river valley, capable of diversified multi-cropping the year round. This is because of rich alluviation during the monsoons, prolific groundwater and a network of stream channels. If cultivated with care, virtually every bit of its land is a veritable gold mine. In fact, massive investments of more than a thousand crores for irrigation, canals (DVC network) and large and small bore-wells, were made. Singur is an area which received special attention; to yield a harvest basket of food grains, vegetables and potatoes<sup>252</sup>.

In Singur, farmers concur with the above observations. A woman, taking a break from sowing seeds in a plot almost adjacent to the factory site, said:

See, now we are sowing *dhan* (paddy), next will be *alu* (potatoes). After *alu*, *dhnyarosh* (okra), and then *jhinga* (ridge gourd). If there is time, we will grow *alu* again after *jhinga*. So there are at least four crops per year.<sup>253</sup>

The overarching consensus among the locals is that most of the land in the area grows three to four crops on average. Krishnachandra Manna, a local farmer and ex-primary school teacher, gives an estimate entirely contradictory to Balai Snapui's claims:

Over the years with improved agricultural methods, four different crops per year is a norm. On average, our annual net income used to be 12-13000 rupees per bigha.<sup>254</sup>

The most interesting comment came from Rathindra Ghosh, a farmer who now runs a small tea stall after having lost all his land (about 5 bighas). He accused the local party people of having provided incorrect information to their political bosses, and also claimed that neither the government nor the party authorities ever bothered to check with the local people.

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<sup>252</sup> Source: <http://www.mainstreamweekly.net/article919.html>, accessed 27<sup>th</sup> July 2012.

<sup>253</sup> Source: *Interview*. 1<sup>st</sup> September 2009. Singur.

<sup>254</sup> Source: *Interview*. 1<sup>st</sup> September 2009. Singur.

No one came to us to enquire or discuss. The government just asked their local committee workers, people like Balai Snapui, Surhid Dutta. And we know that they have misinformed the government. They have said that not much rice grows here. That is a blatant lie.<sup>255</sup>

What may be the reasons behind such inaccuracies? Opposition quarters accused the state of a barrage of allegations/conspiracy theories. For example: (1) the real intention behind the project was to recover lost political ground and capture the local assembly seat; (2) the demarcation of the factory site was actually a covert exercise to undermine the opposition stronghold in the area by marking plots owned by TMC supporters for acquisition while leaving CPIM loyalists' land untouched, thus resulting in a zigzag shape instead of a conventional quadrangular area for the whole site; (3) contrary to the government's claim that Singur was chosen as the best possible site by Tata Motors' representatives themselves, it was a Hooghly based CPIM leader who first notified the party that if the project could be brought to Singur it might lead to political dividends, as local youth would rally behind the party in anticipation of employment, their support could be used to regain the assembly seat, etc.

It is important to note that most of these accusations were based purely on anecdotal evidence/rumours and cannot be verified. However, these stories also help to establish the arguments presented earlier - even if the possibility of any ulterior political motive on the part of the CPIM is rejected - that right from the onset, not only were local CPIM leaders involved in the project, but they were also the main ground level agency entrusted by the government with acquiring consent. Furthermore, such was the scale of this dependence, that only information from party sources was considered reliable by the government, even if there were contradictory reports from elsewhere (it may be noted that such behaviour is not totally unexpected from the CPIM, as they have always been dismissive of mainstream media,

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<sup>255</sup> Source: *Interview*. 23<sup>rd</sup> September 2009. Singur.

accusing them of being the mouthpieces of bourgeois forces). The political tone of the project was thus established right at the source.

#### **6.4.2 The Narrative of *Consent* and Negotiation at Singur**

As events unfolded in Singur, so did various versions of how many landowners had given *consent* for their land to be acquired as per the declared compensation rates. For example:

- On 23<sup>rd</sup> October 2006, Buddhadeb Bhattacharya announced that consent had been given for a total of 800 acres of land<sup>256</sup>, and compensation cheques had already been collected.
- On 6<sup>th</sup> November 2006, Nirupam Sen said that consent had now been given for 854 acres.<sup>257</sup>
- In an assembly speech on 23<sup>rd</sup> November, Buddhadeb Bhattacharya announced the amount to be 913 acres.
- As per the Status Report on Singur (WBIDC, 2006), up to 2<sup>nd</sup> December 2006 compensation had been awarded for only 635 acres, while at the same time it claimed that consent has been given for a total of 952 acres.
- On 9<sup>th</sup> January 2007, 789 farmers claimed that they had not given consent or taken any compensation. The total amount of land owned by these farmers amounted to 337.97 acres.<sup>258</sup>
- Nirupam Sen admitted that consent was given for 70% of the area, and compensation had not been collected for the remaining portions<sup>259</sup>. This estimate is closer to the

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<sup>256</sup> Source: *Ananda Bazar Patrika*, 24<sup>th</sup> October 2006

<sup>257</sup> Source: *Ananda Bazar Patrika*, 3<sup>rd</sup> November 2006

<sup>258</sup> Source: List of the peasants of Singur unwilling to sell land to WBIDC (Based on the affidavits of their statements), published by *Singur Krishijami Raksha Committee* (2009)

above claim by the *Singur Krishijami Raksha Committee* and contradicts the formal announcements made by Sen himself as well as Buddhadeb Bhattacharya as listed above.

This idea of acquiring *consent* is rather intriguing. The government itself claims that as per the Land Acquisition Act (1894), there is no provision to acquire consent (Status Report on Singur, 2006). However, of its own accord, the government designed a consent form (and also promised an additional 10% payment to those who agreed to sign the form within the deadline, a decision which was later questioned by the Calcutta High Court<sup>260</sup>). The various official consent estimates are based on these forms.

The actual exercise to garner consent on the ground was not just a case of collecting signatures on forms: it was once again a party-mediated exercise. The overt consensus at Singur among farmers who refused to give consent seems to be that from the announcement of the project to the specific decisions about which plots would be acquired, the party played a major role, with very limited negotiation with local people. This observation concurs with the Interim Report of the Citizens' Committee on Singur and Nandigram conclusion: "Singur villagers learnt of the land acquisition for the Tata factory from newspapers, there being no Panchayat meeting or Party spokesman who informed them"<sup>261</sup>. Not only did the party play a crucial role in demarcating the plots to be acquired, but it was also in charge of overseeing the list of farmers who would be eligible to receive compensation. The locals gave vivid examples of how the party was in control of the entire process from the start. Rathindra Ghosh, quoted in the previous section, commented:

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<sup>259</sup> Source: Interview, 22<sup>nd</sup> September 2009. Calcutta.

<sup>260</sup> Source: *Ananda Bazar Patrika*, 24<sup>th</sup> February 2007.

<sup>261</sup> Source: "Interim Report of the Citizens' Committee on Singur and Nandigram", 23<sup>rd</sup> March 2007. <http://singur-singur.blogspot.co.uk/2007/03/interim-report-of-citizens-committee-on.html>; accessed 27th July 2012.

We were never officially informed that our land would be acquired. Apparently there were notices put up in the block development office, but we did not know. Once the details came out in the newspapers, and protests started, we went to the block development office where we were straightaway told that our land had been earmarked for acquisition. There was no question of getting consent, nor did anybody discuss the adequacy of the compensation offered.<sup>262</sup>

Krishnachandra Manna gave an instance of a meeting that was organised by the party to discuss the project with all stakeholders.

We were told that the party had called a meeting with all the farmers. We went to it, expecting to be given information about the project and negotiate about how much land should be acquired and for what price. Instead, they just showed us an already finalised map of the project site and declared which plots would be acquired. Some of us protested and asked them to initiate a discussion with the villagers before finalising anything. But the meeting was full of party cadres and our voices were drowned out. We tried to say that this was not the process, we could not just be ordered by the party, but our protests were not paid much attention.

Actually, the party knew discussions with the villagers might lead to many awkward questions. Instead, they planned to straightaway initiate the acquisition process hoping that once the compensation had been disbursed, no further questions would be asked.<sup>263</sup>

What are these ‘awkward questions’ that Manna refers to? This is where the entire *consent story* comes in. Ratan Ghosh, popularly known as Babu Ghosh, a local TMC leader, elaborated:

We asked the CPIM leaders to call meetings with all the villagers at the *gram panchayats*. Instead, they went about it in a clandestine manner. For example, the registered sharecroppers were supposed to get 25% of the declared value of land. The party listed many names for compensation who were not even sharecroppers, but party cadres. Some were sharecroppers, but in other areas, even as far as Balarambati, which is 10km from Singur. Then, the party office issued *patta* (ownership rights for vested plots) to their cadres for plots which were *khās* (non-vested), so that they could also claim compensation. This also increased the number of people who *could be shown to have given consent*. They even managed to get some of their cadres to sign empty consent forms.<sup>264</sup>

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<sup>262</sup> Source: *Interview*. 23<sup>rd</sup> September 2009. Singur.

<sup>263</sup> Source: *Interview*. 1<sup>st</sup> September 2009. Singur.

<sup>264</sup> Source: *Interview*. 23<sup>rd</sup> September 2009. Singur.

Even if the majority of the above claims are dismissed as political blame-games, a farmer who did sell his land and claimed compensation - and is also a CPIM supporter, said (speaking strictly on condition of anonymity):

The government is saying that they organised negotiation camps at Singur. True, there were camps, but organised by the party and mainly for party members. The local leaders encouraged us (party supporters) to quickly agree to sell our lands, and promised that we would be given something extra on top of the declared compensation. We were also asked to spread the message among other party supporters. There was hardly any presence of government officials on the ground. As far as I know, the party may have included some of its cadres' names - even though they actually did not have any land or did not till anybody else's plot in the area - in the list of farmers who have given consent.”<sup>265</sup>

Many versions of such stories can be heard in Singur, not only from dissenters, but also from estranged CPIM supporters. Balai Das, who used to be an active CPIM cadre until he refused to part with his land, asserted:

I was a CPIM supporter. I even used to go to meetings and demonstrations for the party. But now I realise that only if one is willing to abide by what the leaders say, can one survive and even be rewarded, but otherwise the party will coerce you into submission, even by brute force if necessary. That is what has happened to us because we did not want to give our land.

In an ethnographic account of Kadampur - one of the five villages within the Singur area that stood to be affected - Dayabati Roy found a similar political polarisation:

[A] section of people residing in Ghoshpara...have offered their land to the government under the influence of CPI(M) party which could maintain its stronghold in that particular hamlet...The influence of the CPI(M) party in the village was spread by some...farmers...One of them, Karuna Das, a retired primary school teacher, is the present CPI(M) leader in the village and is organising people in favour of land acquisition....He had been a panchayat member several times since 1978 and worked in the position of 'pradhan' (chief) and 'upapradhan' (deputy chief)...He was reported to have been arrested on corruption charges for embezzling money allotted for flood relief (Roy, 2007:3324-25)

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<sup>265</sup> Source: Interview. 23<sup>rd</sup> September 2009. Singur.

Interestingly, the claim that the entire ground level mobilisation at Singur was a party-mediated exercise, with little or no government officials involved, received support from local CPIM leaders as well. When asked to what extent the government depended on local party leaders, Balai Snapui not only admitted, but boasted, that he was one of the most reliable go-to men for Nirupam Sen.

I used to talk directly with Nirupam *babu*. He used to instruct me to organise meetings, talk to the people and get them to agree to the project. There were no government officers/bureaucrats here. We were in charge. Apart from me there were Srikanta Chatterjee (local committee member), Dipankar Das (district committee member) and Anil Bose (ex MP) who used to function locally. Everybody who wanted to sell their land used to come to us for advice.

Perhaps we could not create a public opinion strong enough in favour of the project. In retrospect, it seems that we may have hurried a bit too much.<sup>266</sup>

Snapui even admitted, albeit indirectly, that they did not try to negotiate with the people who were known to oppose the project.

We did many meetings. People would come and we would explain to them why this project was beneficial. But we used to avoid those areas where they opposed it. What was the point? It could have led to quarrels, may be even violence.<sup>267</sup>

Finally, political managers like Snapui were also the most reliable source for the higher authorities on the state of affairs at ground level, and they even had a say in policy decisions. A very senior WBIDC official - who was an integral part of the project right from the onset - clearly voiced some of his concerns, suspicions, and regrets:

Firstly, the numbers that were being tossed around by the political leaders, including the grand claims made by even Buddha *babu* about the number of jobs that would be created, were absolutely baseless. But most importantly, I feel that local agents were pursuing their own political vendetta. On one hand we tried to be extremely cautious about the initiatives, appreciating the emotional and psychological attachment of the villagers to their land, but on the other hand the ground level incidents were getting totally politicised, and unfortunately

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<sup>266</sup> Source: *Interview*. 23<sup>rd</sup> September 2009. Singur.

<sup>267</sup> *Ibid.*

our political bosses would only listen to what their party people had to say. I even had a suspicion that our immediate boss at WBIDC was also being persuaded by the local party people. We repeatedly requested him to authorise the initiation of other development works in the area, but he turned a deaf ear.

The party also played a key role in the procedural issues. The fact that the government took the TATAs to Singur without verifying the agricultural productivity of the region was possibly at the behest of an ex-MLA of the party from the area, who first informed the higher authority that Singur could be a suitable site. We were in favour of increasing the compensation quantum, but the CPIM *krishak samiti* (peasant wing) was against it. Even during the initial site demarcation and the fencing exercises, local leaders like Surhid Dutta were at the forefront.

The key problem was the lack of local negotiation from our side. Whatever discussion happened took place amongst party supporters, it was not inclusive. Today, my main regret is not having visited the villages myself, not having sat with the villagers in their own homes and explained to them what this project was all about, devoid of all political colours<sup>268</sup>.

The point of highlighting these stories is not to argue that the entire Singur project was an exercise in territorial subjugation by the CPIM under the garb of industrial development, nor to form a normative stance on whether such capital intensive projects are detrimental to the state's economy and actually mark aberrations from an inclusive development ethos. The objective, is to show that outside the dominant themes of procedural and ideological criticisms, there remained an undercurrent of political narrative in the entire episode. Right from the inception, the local political machinery of the CPIM played a crucial role in facilitating the project, as a result of which the entire exercise assumed a political colour. Some of the major problems that beset Singur - particularly the lack of ground level negotiation which led to much of the initial apprehension - stem from this. Owing to its partisan character and usual hegemonic tendencies, the political channel's attempt to facilitate the project remained parochial at best, never seriously engaging in consensus building. This trend was particularly apparent when many dissenters admitted that their initial opposition was actually a pressure tactic to force the government to increase the compensation quantum.

Even Ratan Ghosh, the local TMC leader, admitted:

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<sup>268</sup> Source: Interview. 29<sup>th</sup> August, 21<sup>st</sup> and 28<sup>th</sup> September 2009. Calcutta. Anonymity requested

If the government had increased the amount of compensation, then I do not think the opposition could have cemented itself in the way it eventually did. I even saw many of the agitators convincing many farmers that the government would give in and raise the prices if they could just hold their land a little longer.<sup>269</sup>

A group of farmers at the forefront of the agitations who did not claim compensation cheques, stated openly (while requesting not to be named):

It was only later that the central demand of the agitation became the return of 400 acres of land, when we saw that the government was not paying heed to any of our concerns. Initially it was the price which we were primarily against, nobody in their right mind would have sold their land for such a meagre price, especially when their entire livelihood is dependent on that land. Had the government approached and negotiated the price with us directly, none of this would have happened. But they relied on the local CPIM leaders, who in turn knew that we could be convinced to sell our land at such rates. So they did not even bother to talk to us, and just convinced their supporters to sell their land instead, promising additional benefits. By doing this, they managed to convince their political bosses that there was sufficient consensus, and acquisition would not be a problem. The government blindly trusted them, and was caught off-guard once the protests escalated.<sup>270</sup>

This is a fairly accurate summary of the fundamental conflicts at Singur. While the issue at stake was land price, the nature of the conflict was evidently political, the seeds of which were sown when the local party channels resorted to clandestine tactics to create a shroud of consensus around the project instead of recognising the legitimate concerns and aspirations of all the stakeholders.

#### **6.4.3 The Narrative of Violence at Singur and Nandigram**

Such outcomes, however, are not surprising. These clandestine tactics reflect the same hegemonic trends that the alternative bureaucratic channel had become so adept at executing. For decades it had perfected the art of manufacturing consent and extracting personal and/or localised political dividends out of all government initiatives, even resorting to violence if necessary. While the violence in Singur was not as acute as in Nandigram, there were

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<sup>269</sup> Source: *Interview*. 23<sup>rd</sup> September 2009. Singur.

<sup>270</sup> Source: *Interview*. 1<sup>st</sup> September 2009. Singur.

sporadic instances of police brutalities, particularly on 25<sup>th</sup> September and 2<sup>nd</sup> December 2006. The Interim Report of the Citizens' Committee on Singur and Nandigram observed:

It is generally acknowledged that Singur villagers have not used violence against persons so far, even though there has been considerable violence by the police against villagers who demonstrated against acquisition with peaceful *satyagraha*<sup>271</sup> methods, especially on 25 September and 2 December. Despite the peacefulness of protestors, Section 144 was clapped on Singur PS and on all roads leading to Singur. Even where it does not exist, protestors are arrested for congregating, and ordinary vehicles are stopped and searched. Women were beaten up by male policemen, filthy language was used, villagers and student protestors *lathi* charged, resulting in severe injuries. The charge of possession of dangerous weapons had been clapped on a two and a half year girl who was sent to prison for several days and was deprived of baby food there<sup>272</sup>

Anecdotes aplenty are found on police brutalities during these two days. The villagers allege the police entered the village (at night during a power cut, which again is alleged to have been deliberately caused) and started indiscriminate *lathi*-charges. Balai Das, quoted earlier, described it:

The police entered our houses, went up to the rooftops and started beating us. Even many crop-sheds were put on fire. They broke my hand. I had to be operated on and now have a four inch steel plate inserted in my forearm. It was completely pre-planned. I distinctly remember one of the police officers raising his finger signalling the force to charge. From then on, whenever police entered the village, we would keep an eye out for that raised finger. That was their signal.<sup>273</sup>

A twenty-one year old farmer named Rajkumar Bhul died in the violence of 25<sup>th</sup> September. Even more tragic is the case of Tapasi Malik: a young girl of nineteen, (allegedly) raped and brutally murdered. Her half-burnt body was found in the early hours of 18<sup>th</sup> December on the

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<sup>271</sup> Non-violent/civil resistance

<sup>272</sup> Source: "Interim Report of the Citizens' Committee on Singur and Nandigram", 23<sup>rd</sup> March 2007. <http://singur-singur.blogspot.co.uk/2007/03/interim-report-of-citizens-committee-on.html> ; accessed 27th July 2012.

<sup>273</sup> Source: Interview. 1<sup>st</sup> September 2009. Singur.

factory premises<sup>274</sup>. In June 2007, Debu Malik (a local CPIM cadre) and Suhrid Dutta (the CPIM Singur zonal committee secretary) were arrested as the prime suspects in the case and three other local CPIM cadres - Mahadeb Shnatra, Subodh Kole and Dilip Malik - were also interrogated<sup>275</sup>. The case is still ongoing; Dutta was released on bail in 2009.

The Citizens' Committee noted:

The police seem to have obliterated most of the evidence during preliminary investigations, insisting that she was murdered by a boyfriend whose existence, however, cannot be proved. The fact that she had been a political activist in the movement and may have had political enemies is not taken into account in investigations even though her father insists repeatedly that a local CPM cadre could be responsible. Her male relatives are harassed, and her young niece was questioned vulgarly about the state of her underclothes. No policewomen were present at the questioning though that is legally obligatory<sup>276</sup>

Though the above discussion is based mainly on Singur, it does not indicate a standalone pattern. Similar incidents occurred elsewhere, even if not as overtly or on a lesser scale. The violence at Nandigram, however, upped the ante by quite a few degrees, and as discussed earlier, the role that the party played in perpetuating it could hardly be more apparent. In fact, even after the massacre of 14<sup>th</sup> March, Nandigram continued to witness occasional spurts of violence. It reached a crescendo once again on 11<sup>th</sup> November when the party launched *Operation Recapture* to liberate the villages that were being controlled by the *Bhoomi Uchhed Pratirodh Committee* (BUPC; Save Eviction from Land Committee). An India Today story on the incidents observed:

It was only another chapter in the politics of vendetta that CPI(M) has been practising to bloody perfection for the past many years...Unrest had been brewing in Nandigram

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<sup>274</sup> Source: *Ananda Bazar Patrika* and *The Telegraph*, 19<sup>th</sup> December 2006.

<sup>275</sup> Source: *Ananda Bazar Patrika* and *The Telegraph*, 29<sup>th</sup> and 30<sup>th</sup> June 2007.

<sup>276</sup> Source: "Interim Report of the Citizens' Committee on Singur and Nandigram", 23<sup>rd</sup> March 2007.

<http://singur-singur.blogspot.co.uk/2007/03/interim-report-of-citizens-committee-on.html> ; accessed 27th July 2012.

since the last week of October. In retrospect, it was a carefully-executed plan by the masterminds at Alimuddin Street. The police would be asked not to enter the area and CPI(M)'S special cadres would then storm the muktanchal (open zone) of BUPC and take charge. The leaders in Kolkata couldn't afford to fail this time.<sup>277</sup>

An Indian Express report on an incident of alleged gang rape by CPIM men published on 17<sup>th</sup> November 2007 portrays a vivid picture of the extent to which the party had regained control of the area, possibly with some tacit support from the state:

It's been 10 days since Sabina Begum (name changed to protect her identity) was allegedly gangraped by CPM men during "Operation Recapture,"...But the Nandigram police, who registered a case after the medical report confirmed the rape, say they have not been able to visit the victim's house...Superintendent of Police S. S. Panda says: 'Investigation cannot be started because the situation is so tense.'...The Indian Express was able to reach Sabina's house...dodging past the close surveillance of a 150-strong mob of CPM supporters. Any one who enters the village has to explain the purpose of their visit and get the cadres' permission....The police have also not taken any step to search for Sabina's two missing daughters who she said were also gangraped and abducted by CPM cadres. CPM cadres now guard the village and mill around Sabina's house. Asked if any police team had come to investigate, CPM member Shyamal Jana said: 'No. A CRPF team made a round but no policeman has come after the village was freed from terror'<sup>278</sup>

These were not just localised one-off incidents: the local cadres were often shielded by the party's highest authorities. Buddhadeb Bhattacharya, in his first public statement after the fresh wave of violence, remarked in uncharacteristic defiance: "They (TMC people) have been paid back in their own coin. Our people were desperate. If hellish peace exists in Nandigram now, did the last 11 months have heavenly peace?"<sup>279</sup>

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<sup>277</sup> Source: "Buddha Shows no Signs of Remorse". *India Today*, 26<sup>th</sup> November 2007.

<http://indiatoday.intoday.in/story/buddhadeb-bhattacharjee-shows-no-remorse-over-nandigram/1/137912.html>, accessed 6<sup>th</sup> August 2012.

<sup>278</sup> Source: The Indian Express; 17<sup>th</sup> November 2007. <http://www.indianexpress.com/news/gangrape-victims-house-vandalised-police-say-cant-go-there-too-tense/240207/2> ; accessed 7th August 2012.

<sup>279</sup> Source: "Buddha shows no remorse over Nandigram", *India Today*, 26<sup>th</sup> November 2007.

<http://indiatoday.intoday.in/story/buddhadeb-bhattacharjee-shows-no-remorse-over-nandigram/1/137912.html>, accessed 6<sup>th</sup> August 2012.

While the scale of the blatant aberrations at Singur and Nandigram caught the public eye like never before, such political undercurrents permeate and control ground level affairs in almost all initiatives in West Bengal. Another example of how the CPIM became adept at turning a development narrative into a political one by means of coercion is the New Calcutta township project, meticulously observed in a study by the *Sanhati* group (Sanhati, 2009). Though the government celebrated Rajarhat as a successful acquisition exercise, in reality many farmers had united to form the *Rajarhat Krishi Raksha Committee* (Save Rajarhat Farmers' Committee), and mounted a strong resistance. In the face of stiff opposition, the government temporarily postponed its acquisition efforts. Instead, the local party unit went into action, adopting a multitude of tactics. It formed a Neighbourhood Committee with the local MLA Rabin Mandal as its chairman, which started informal negotiations with the farmers. The leaders of the agitating groups were asked to meet Rabin Mandal or Gautam Deb (Urban Development Minister and a member of the CPIM state secretariat) in person, where they were cajoled and coerced to change their minds. These meetings were also attended by the then officer-in-charge of the Rajarhat police station and some (party-sheltered) anti-social elements of the region, thus subjecting the farmers to an implicit pressure tactic<sup>280</sup>. In the meantime, when the compensation cheque distribution began, the majority of the farming community refused to accept them. However the CPIM continued to insist that huge numbers of people had already accepted the cheques. The Sanhati report also alleged that many people who did not own a single square inch of land, but were close to the party, used their political connections and the willing connivance of a section of government officials to siphon off several lakhs of rupees overnight.

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<sup>280</sup> See *Sanhati* (2009) for further details.

To sum up the above arguments, the claim made in the introduction - that the rapid electoral decline of the Left Front between 2006 and 2011 points to something beyond just an outburst of cumulative discontent brought about by its mishandling of the Singur-Nandigram episodes - can now be traced back. The combined narratives of land, negotiation and violence demonstrate that the events at (and the aftermath of) Singur-Nandigram were not just *outbursts triggered due to a sudden change in class-orientation of the party*, but were themselves symptomatic of the CPIM's hegemonic tendency to politicise all affairs at ground level. While the scale of both the proceedings and the eventual (unfortunate) outcomes were unprecedented, the operative style that brought the state of affairs to such a culmination was anything but new. In fact, what these multiple narratives show is that within the imperatives brought by the attempted policy transition - such as private capital-led industrialisation, urbanisation, new forms of spatial geography, as well as a constant rhetoric emanating from the top to legitimise the transition - the state agency in charge of implementation was left wanting due to (1) a bureaucracy incapacitated by lack of political guidance and institutional inefficiencies and (2) ambiguous regulatory contexts besetting ownership rights and service provision on the part of the state, which had led to a culture of "political management of illegalities" becoming the order of the day (Chatterjee, 2009:44). Therefore, despite some initial anticipation during Buddhadeb Bhattacharya's tenure regarding a possible distancing between the party and the government, in reality the government had no choice, or any intention, but to depend on its tried, tested and trusted channels of political managers (or the alternative bureaucratic structures) to bring its attempt at transition to fruition. In effect, at ground level, such dependency quickly translated to local political managers adopting the same hegemonic tactics that they had been perfecting for decades. And given the difference in political priorities between the top quarters and the rank and file of the party due to a severe lack in intra-party (as well as intra-coalition) negotiation, the alternative bureaucracy

kicked in not only to negotiate land ownership, determine price and usage patterns but also to encourage land invasion, exact electoral discipline and maintain political loyalties, often through extra-legal or even violent means. Furthermore, as discussed earlier, the alternative bureaucracy had also become less attuned to the larger objectives of the party over time and had started to focus more on maximising localised political and even personal interests. This often resulted in misinformation (sometimes deliberate) being passed on to the higher authorities in order to support local priorities, instead of providing an accurate description of the realities (for example, misrepresenting the generally high fertility levels of the Singur area). The government, on the other hand, had become so dependent on the party for its administrative functions that it had no other way to verify this information. Industrialisation in West Bengal was thus transformed into a political project on the ground.

## 6.5 Conclusion

The story of policy transition embarked upon by the Left Front in the wake of the country's economic reforms during the early 1990s concludes with this chapter. The approach taken to tell this story has been to study the majority partner and the driving force of the Front, the CPIM, in terms of two closely linked and yet distinct thematic strands that were formulated in the theoretical section of this research (Chapters 2 and 3) - the *ideological discourse* and the *hegemonic structures* - based on the CPIM's political objective of establishing a People's Democratic Front and its operational tactics on the ground, respectively.

In the three empirical chapters that followed, the three stages in the CPIM's political management of the entire transition process were examined. Chapter 4 explored the political and ideological choices that the party had to make during the initial years of the transition. Chapter 5 examined how the erstwhile ideological discourse was slowly being reshaped for

the purpose, and the associated negotiations (or lack of) within the party as well as the entire Front. In this chapter, the modus operandi of the party - based on the creation of hegemonic structures - was again emphasised to demonstrate how party functionaries at the lower levels, despite the different aspirations and promises of the top authorities, reverted back to the same set of tactics in an attempt to bring the rhetoric of transition to a fruition. The seeds of contradiction that were embedded in the first two stages fully manifested in the third, as resorting to tactics that were perfected in a contrasting institutional space (land reforms and democratic decentralisation) to facilitate the imperatives of private-capital led industrialisation lent a fundamental political colour to the micro-management of the entire process. Policy transition in West Bengal - as these three chapters have tried to illustrate - remained a political exercise at its core, in multiple ways. First, in terms of choice of the path of transition; second, in reshaping existing ideological discourse to provide legitimacy to that choice; and third, in implementing that choice.

There remain a few postscripts that need articulation. First, throughout this research the term 'party' has been used to denote the CPIM (unless indicated otherwise). It needs to be understood that while the universal mediating role of the 'party' in virtually all social transactions has indeed been pioneered by the CPIM since 1977, similar styles of functioning have been emulated by all the other parties, whether partners of the CPIM in the Left Front or those in opposition. However, as the CPIM enjoys the most efficient structure of discipline and command along with a systematic procedure of training its cadres - or in other words, the most efficient *party machinery* - it is usually the most effective (and at times the only) candidate in penetrating and controlling social institutions. In areas where it cannot, other parties seek to perform the same functions (Chatterjee, 2009).

Second, though frequent references have been made to the electoral decline of the Left Front post the 2008 *panchayat* elections, culminating in its decisive defeat in the 2011 assembly elections, this research intentionally refrains from entering into a debate on what could have precipitated such a turn of events. The focus, instead, has been upon understanding the political undercurrents that played a critical role in shaping the ideological-institutional-economic spaces in the state over the past two decades. The contradictions embedded in those spaces, as highlighted in the course of this work, may contain pointers to the eventual outcomes - as it has been repeatedly shown how the internal structure of the CPIM (and by extension Left politics in the state) was falling short of adapting to the imperatives of the changing situation - but it has not been the objective to provide an *explanation for the Left political crisis*. This research is an attempt to study an extremely interesting chapter in the political-economic history of West Bengal, one that has produced and in turn been shaped by political contradictions of various forms, but has rarely been debated in the mainstream.

## Chapter 7

### Conclusion

#### 7.1 Introduction

Rather than recapitulate the entire thesis in miniature, this chapter probes some of the unexplored implications of its main arguments. This is a study of the politics of transition, and especially the sub-national, regional and local political trends and conditions that play a crucial role in determining reform outcomes in a diverse, democratic and federal polity such as India. This work also adds to the wider literature on the politics of reformism, while refraining from over-generalisation from what is a very specific case-study. Instead, the approach has been to study micro-level dynamics and assess how localised political variables can strengthen or thwart transition initiatives. The objectives of this chapter are therefore twofold: first, to briefly revisit the set of *why-how* questions set out in the Prologue – not to recount the arguments presented in Chapters 4 to 6 – but to highlight the thematic notions that emerge from the story; and second, to relate some of these notions to the larger literature on economic transition as discussed in Chapter 1. For the latter, it needs to be kept in mind, as Jenkins (1999:209) argues, that: “no single-country study can support generalisations about the relative change-promoting capacities of democratic or authoritarian forms of government”. On the contrary, this research shows that it is the localised political variables that come to play a large role in determining reform outcomes. ‘Untidy’ historical and political contingencies (*ibid.*) can tamper with even the most nuanced generalisations. However, the aim is to identify additional questions arising from the West Bengal story, which, it is hoped, will shed some light on the kind of challenges other governments or political parties have to grapple with while engaged in similar transition exercises.

## 7.2 The Importance of Historic Contingencies

To recapitulate, this thesis attempted a reappraisal of the CPIM-Left Front era with respect to two specific questions (1) *why* did the CPIM/Left Front take upon itself the task of engineering a transition to a pro-market development agenda post-1991 from an erstwhile land-reform and agriculture based growth model? And (2) *how* was such a choice justified to/negotiated with the various stakeholders while sustaining the party's traditional rhetoric and partisan character? This reappraisal was carried out in Part III. Without reiterating the arguments, the overall orientation of this research can be summarised as follows: in answering the *why-how* questions, this work evaluates the political-economic history of West Bengal over the last two decades, and shows how imperatives of economic transition can transform political agency, and, how the latter can also translate the former to suit its localised priorities. This interplay between transition and political agency forms the core of this research, and the way it takes shape has been explored via three thematic notions: first, the level of ideological consensus/clarity across different levels of the CPIM; second, how ideological ambiguities led to limited negotiation efforts both within the CPIM, as well as between the CPIM and other coalition partners of the Left Front; and third, how transition initiatives came to be translated by the agencies in charge of execution as exercises where local political benefit were prioritised.

It must also be noted that these ideas are broadly in line with Jenkins's conceptualisation of the Indian democratic system as creating conditions to sustain reforms. For example, Jenkins emphasises the importance of *political incentives*: “[r]egardless of the motivation for initiating policy reorientation, what incentives inclined politicians ruling in central and state governments to concentrate, in the main, on managing the political transition which sustainable adjustment demands, rather than battling to halt the reform process itself?”

(Jenkins, 1999:83). He then goes on to highlight two types in particular. One, to be able to use policy instruments to oblige important political constituencies, i.e. to engage in new kinds of patronage politics; and two, the knowledge that reforms do not necessarily threaten old-style politics with extinction; in fact, the fluidity of interest-group structures opens avenues for new forms of coalition. Both these incentives can be seen in the case of West Bengal. Patronage politics – as argued in Chapter 3 – had become almost a defining feature of the CPIM long before the liberalisation era commenced in India, and the reforms opened up new sources of patronage for the party. Similarly, the interest-groups affiliated to the party also changed over time. Proclaiming itself a party of the proletariat, a middle-class core comprising the landed gentry, bureaucrats, school teachers, etc. had grown within the CPIM, and with the industrialisation initiatives, the party also became more amenable towards private entrepreneurs. In fact, by the time of Buddhadeb Bhattacharya's tenure as Chief Minister, the party had started to bank on an increasing urban electorate both to support its industrialisation agenda, and offset the loss in its traditional support bases of rural West Bengal to a large extent.

Similarly, Jenkins puts a great deal of emphasis on the *political skills* of pro-reform elites, to “understand how human agency can exploit the opportunities to which incentives and institutions give rise” (ibid.:173). He is not alone in this: for example, Guillermo O'Donnell has argued that if there is any hope of solving the prisoner's dilemma that confounds efforts to manage economic and political change simultaneously, ‘it probably lies in finding areas... in which skilled action (particularly by the government) can lengthen the time horizons (and, consequently, the scope of solidarities) of crucial actors’ (1993:1376); Peter Gourevitch admits that ‘even leadership’ may be important in determining variations in the relationship between markets and democracy given a set of ‘structural constraints’ (1993:1271). A similar

situation could be witnessed in West Bengal surrounding the Statement of Industrial Policy, 1994 - as discussed in detail in Chapter 4 – where the political salesmanship of Jyoti Basu proved to be a critical determinant both in formulating the statement, and ensuring its adoption in the state legislative assembly.

The third element in Jenkins's analysis is that of *political institutions*: “the ways in which institutions act as a sort of scaffolding, distributing the ‘force’ of political resistance across a wider network of pressure points than is found in more centralised political systems with less fully elaborated institutions” (Jenkins, 1999:119). India’s political institutions, Jenkins argues, are particularly useful in neutralising resistance to economic reform by their tendency to promote longer time horizons and to arrange bargains between competing groups. The CPIM, as discussed in Chapter 4, clearly admits the federal compulsions it was under to accept the reforms once they were initiated by the central government. In addition, the pressures of inter-jurisdictional competition (Sáez, 2002) and provincial Darwinism (Jenkins, 1999) also created conditions where the party could no longer ignore a policy transition.

The three themes of ideological consensus, (limited) negotiation, and politicised execution, expand the above arguments even further – to the levels of sub-regional and highly localised dynamics. As authors like Jenkins (*ibid.*), O’Donnell (1993), and Jeffries (1993) emphasise the role of historically contingent processes in determining the durability of a democratic system, as well as the reasons why an evolving form of democratic politics may (or may not) be able to foster and adapt to policy change, it needs to be understood that similar contingencies can exist even within a particular form of democracy. Jenkins points out that India’s is just one form of democracy embedded in a specific cultural context, and its ability to sustain reforms emerges out of a unique set of historical sequences that is impossible to replicate. The same holds true for the varying degree of success in the sustainability of

adjustment among the different Indian states, where the varying outcomes are, to a significant extent, determined by their historical contingencies.

In the case of West Bengal, the ideology element presents a particular form of contingency that created problems of political legitimacy for the CPIM. A significant section of the transition story therefore revolves around the party's search for legitimacy, the ambiguities inherent in that search, and the resultant contradictions, all of which slowed the process considerably. The eventual ideological modifications that the party arrived at, aiming to give its actions a theoretical sanctity, were not only contentious, but as argued by other Left Front member parties (such as the RSP and FB) and prominent Left ideologues (such as Prabhat Patnaik and Asok Mitra), were at best a rhetorical jugglery, and at worse amounted to a bourgeois argument, deviating significantly from the notion of a Left alternative.

Focusing on political parties on the basis of their most clearly articulated axis of formality – their codification or ideological positions – may run the risk of neglecting the many ways in which a party can provide channels for its leaders to construct and sustain other forms of relationship, based on mutual understandings between representatives of socio-economic interests and party elites in their personal capacities, rather than in their institutional roles. Nevertheless, for a party like the CPIM that derives a constant legitimacy – even if just rhetorical – from its ideological discourse, tracing the ideological transformation is crucial to understand how the mindset and outlook evolved among the party leaders, as they accordingly assisted or abated in the sustainability of reforms.

Next is the aspect of negotiation. The importance of building coalitions and consensus by negotiating economic and political bargains, and the willingness and capacity of socio-economic elites to engage in negotiations with both other interest groups and governing

elites, and ultimately to strike acceptable bargains, underwrite the sustainability of reforms. And this is precisely where political parties play a crucial role in shaping behaviour patterns among stakeholders in the process. Jenkins summarises the key arguments in favour of such a proposition:

the fuzziness of boundaries separating party and non-party political networks, combined with the ease of exit for faction leaders, inclines politicians to take policy risks because of the expectation that they will be able to quell resultant political resistance by: (1) arranging suitable conflict-avoiding (or conflict-deferring) compromises among contending interests; (2) exploiting the faith of privileged interests in the sanctity of their privileges by assuaging these opponents of liberalisation with promises that may never be fulfilled; and/or (3) harnessing the political potency of nascent groups which might emerge as key supporters in the future if offered tacit support. All three behaviour-shaping expectations are structured by the nature of parties as an informal institution operating within a context of formal democracy (1999:152).

In West Bengal, however, as discussed at length in Chapters 4 and 5, the lack of negotiation – even within the CPIM itself, let alone the Left Front - proved to be a serious impediment towards sustaining its transition initiatives. What is important to highlight here is the fact that such a development once again underscores the importance of historical contingencies. The engagement in any form of negotiation or arranging compromises among contending factions needs to be preceded by an acknowledgement, at least within the party's own higher echelons, about the nature and necessities of transformation. But for a party like the CPIM, such an admission was never forthcoming. Instead, it reacted in a contradictory fashion, and downplayed the magnitude of the changes, thereby seriously limiting its scope to even begin negotiations. Even when the party finally reassessed the situation, it only managed to produce a theoretical reassurance, arguing that its efforts were guided by the historical stages of Marxist dialectics. The strictures of democratic centralism meant that such positions adopted by the higher authorities, albeit conflicting, came to be accepted by the majority of the party.

This is, however, not to deny that the CPIM did provide channels outside its institutional realm, where decidedly more informal patterns of interaction were created, nurtured, and pressed into service on occasions when more formal channels on their own proved incapable of effecting policy objectives. And it is precisely in this context that the element of politicised execution took shape. Chapter 6 discussed at some length how the party was completely dependent on its alternative bureaucratic networks, for not only political mobilisation but also governance initiatives. And therefore, as the local facilitation of industrialisation projects was entrusted to the political managers of the party - but without negotiating the necessities (both in political and economic terms) of such initiatives with them - it created an environment of ambiguity and mistrust. Middle to low-ranked party leaders, who over time had acquired almost unchecked authority in their respective areas, appeared more and more alienated from what the promises of the party leaders, as, buoyed by the influx of investment in their localities and the authority to facilitate a suitable industrial climate, they had started to pursue their local political agendas with vigour, and even channelled development funds to accrue personal benefits. The nature of incentives at ground level, therefore, often subverted or even contradicted the transition imperatives emanating from the top, thus jeopardising the entire process. While the CPIM historically thrived on creating localised political incentives via its extensive patronage networks, it made sure that the incentives assisted in perpetuating the party's political objectives (as in the case of land reforms and *panchayati-raj*). But for the first time, owing to contradictions that had set in within the party in the way it went about managing the entire transition process, the political managers were not in sync with the wider goals (which in themselves were ambiguous), thereby translating the process into an exercise where local agendas and personal ambitions came to be prioritised.

In the overall context of sustainable economic reforms within the Indian democratic setting, the story of West Bengal takes forward the broader argument that sustainability of adjustment has been significantly aided by the three key assets of India's political systems – political skills, institutions and incentives (Jenkins, 1999): the product of half a century of a particular form of constitutional democracy, the manifestation of skills, impact of institutions and creation of incentives also varies significantly within the country. The nature of such variations depends considerably on local historical contingencies, which take shape against the plethora of factors that continually inform the Indian political landscape: caste, class, ethnicity, religion, language, and many more. For West Bengal, the development of certain kinds of Left politics – the adoption of Marxism-Leninism by the Bengali *bhadraloks* in the colonial era, the gradual foray of the communist parties into the mainstream of parliamentary politics (and the rejection of the same by a few like the CPIML, eventually launching the *naxalbari* movement) in the three decades after independence, and finally the CPIM-Left Front era since 1977 - have always dominated its horizon. The contradictions embedded in the entire transition initiative in the state - an ambivalent ideological discourse, limited negotiation efforts, and politicised execution - had its roots in such a unique historical setting, making the task a rather difficult balancing act for the political agency, which on one hand had to aid the process and on the other appear to be trying to thwart it, and also transform its own ideological contours at the same time. The story of policy transition in West Bengal is thus a story of these contradictions.

### **7.3 Negotiating Audacious Reforms**

This story evidently, is not a stand-alone one, and as argued in Chapter 1, West Bengal represents a microcosm for the study of a set of puzzles that has much to say about similar

economic transitions elsewhere, particularly with regard to how large-scale macroeconomic policy decisions are *negotiated* at ground level, and how such acts of negotiation are intensely political both in its formation and agency. In this sense, this research blends itself into broader instances of political transformations elsewhere. Similar historical arcs exist in China; East Asian countries such as Vietnam and North Korea; Russia and other Eastern European nations; and even Latin American countries like Cuba and Venezuela. Thematic parallels can be found in Thatcherism in England, or more recently, in the way the Labour Party seeped into the ideas of New Labour; the transformation of the Italian communist party, etc. There remain, of course, an issue of *degree* intrinsic to such ideas. Not everywhere are the contradictions as intense, reactions evoked as sharp, or outcomes determined as similar.

This research shows that even ideologies can be reshaped in the search for appropriate ways to negotiate transition efforts. Particularly for pro-labour political parties, with their own history and development-orientation to conform to, the task of negotiation neither happens on the basis of economic incentives, nor remains a question of forming coalitions to counter collective action or distributive problems. Instead, it becomes the much more difficult undertaking of justifying a form of change that is nothing short of a radical transformation – not only in terms of policy – but also in the realm of ideas, political rationality, historical and ideological legitimacy. Transition initiatives, in such circumstances, transgress the idea of ‘reforms’ as matters of economic prudence or good governance, and become what may be described as negotiating an act of political audacity against the very rationale from which the political movement derives its legitimacy.

It is important to emphasise that the focus here is not on the outcome, but on the *act* of negotiation itself, and the political variables that dominate much of the process. While the story told in this thesis demonstrates several examples of the latter - incentives formulated by

political elites to push reforms, political acumen and salesmanship, achieving (or subverting) consensus, rhetoric vis-à-vis execution, etc. – it also highlights the risks inherent in proceeding with what may be construed as audacious reformism. In such situations, although the political agency at the helm of affairs may no longer be able to ignore the economic imperatives of transition, it cannot afford to be seen advocating the same for fear of electoral backlash and/or political marginalisation. Under such pressures, the situation becomes one of status quo, where reform initiatives have to be counterbalanced by an effort to ‘not seem eager to change’ in public eyes. Even the act of engaging in negotiation becomes problematic as such acts could be construed as acknowledging the necessities of transition. The kind of consensus required to emerge out of the status quo therefore continues to remain elusive, as negotiation efforts are non-existent, or at best half-hearted. The only recourse for the political agency is then to engage in a form of *distorted negotiation*, i.e. not trying to build consensus on the basis of socio-economic imperatives, but by promising incentives outside the ambit of formal institutional arrangements. In other words, in the face of such status quo on one hand and economic compulsions on the other, regional and local level political elites are likely to be entrusted with the responsibility of executing some of the risky decisions - not by engaging with the relevant interest groups - but rather in a clandestine manner and using their local political authority. In return, these elites are promised ‘something extra’ (greater political authority, promotion in the party hierarchies, financial rewards, etc.) to sustain or increase their stronghold in their respective localities. Such practices, if continued long enough, run the risk of degenerating into a continuous propagation of a biased socio-economic equilibrium, where a group of political elites emerges as the dominating section of society. The state of affairs in West Bengal during the course of a policy transition engineered by the CPIM/Left Front over the last two decades recounts one such story of

audacious reformism, variants of which – albeit in differing degrees – can be witnessed across global South, particularly in countries with communists or pro-labour groups in power.

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## **APPENDICES**

## **Appendix 1: A Note on Methodology**

Let me present a brief overview of the fieldwork that lies behind this study. Evidently, this thesis is in the form of an in-depth single case study that is largely based on interviews and ethnographic materials. It also draws from a plethora of official documents – ranging from government (both GoWB and GoI) to party documents, independent tribunal/commission reports, and newspapers in both Bengali and English. While the main subject of this study falls in the field of political science, it also examines issues in political history by means of historical, anthropological and sociological research that links events in one locality to others at different spatial scales.

The fieldwork undertaken for this research was spread over two years – 2008 and 2009 – and comprised several three to six months visits to Delhi and West Bengal. In case of the latter, apart from being based primarily in Calcutta, I frequently visited Singur, the towns of Barasat (in North 24 *Parganas*) and Sheoraphuli (in *Hooghly*), and *Kanmari* village (in North 24 *Parganas*) to conduct interviews.

The first part of the fieldwork was an extensive archival research that was carried out in 2008. This took two forms, first, a detailed study of CPIM publications (Party Programme, Party Congress and West Bengal State Congress Reports, several plenum reports, party letters, writings on the ideological and tactical lines of the party, etc. Though the focus was on CPIM, I also studied CPI, RSP and FB party congress reports), and second, a study of the debates that took place in the state Legislative Assembly from 1986 onwards. For the first part, my two main sources were the library of the CPIM's Bengali daily – *Ganashakti*, which has one of the most exclusive collections of party documents and also materials pertaining to

the history of the Indian Left movement in general, and the National Book Agency (NBA) archives – the publication house run by the party in West Bengal.

Accessing the Legislative Assembly records was more challenging, and I had to go through a bureaucratic labyrinth trying to get permission to enter the premises. Fortunately, I was able to contact Mr. Sailen Sarkar, the Parliamentary Affairs Minister in the Left Front cabinet, who was kind enough to instruct the Assembly office to permit me to use the library. The library staff and particularly the Chief Librarian – Mr. Ashwini Kumar Pahari - were extremely helpful, and at times kept the library open past closing hours till I had finished the day's work.

Apart from the archival research, the rest of the summer of 2008 (and a short visit in December) was spent in establishing contacts for the second round of fieldwork. Some of the initial contacts I established proved instrumental not only in terms of information, but also in pointing me towards other important sources. Most notable in this regard were Professor Abhirup Sarkar of the Indian Statistical Institute; Dwaipayan Bhattacharya of the Centre for Studies in Social Sciences; Nirbed Ray of the Asiatic Society; and Suparna Pathak of the *Anandabazar Patrika*.

The bulk of the research was carried out in 2009, and comprised about one hundred in-depth qualitative interviews, categorised into three levels – national, regional and local. The national level encompassed interviewing long-serving members of the Planning Commissions and senior bureaucrats in the 13<sup>th</sup> Finance Commission, Ministry of Finance, and Ministry of Statistics and Programme Implementation (GoI) in order to trace the sequence of events behind the announcement of the NEP in 1990-91, the initial response of the Left Front, and whether the latter was coerced in any way into accepting the policy. This was followed by interviewing some of the national level Bengali CPIM leaders/MPs and several senior

journalists to gain a wider perspective of the centre-state relations during that period. Particularly helpful in this context were the interviews with Nilotpal Basu (former *Rajya Sabha* MP and CPIM Central Committee member), Jayanta Ghoshal (senior journalist, ABP Delhi) and Sumit Mitra (senior journalist, retired, India Today), which managed to clarify much of what was political rhetoric as opposed to the underlying trends of the era.

The next round of interviews focused on examining the regional (state) level dynamics in response to the NEP and the subsequent negotiations that took place on the industrialisation question. My interviewees were categorised into several groups: Left Front ministers (such as the commerce and industry minister, land and land reform minister, etc.); representatives from all political parties (from the ruling coalition as well as the opposition); local journalists (from *The Statesman*, *The Telegraph*, *Anandabazar Patrika*, *Aajkal*, *Bartaman*, and *Ganashakti*, and also from several Bengali television networks such as *Akash Bangla* and *Kolkata TV*); academicians and political commentators; serving as well as retired state level bureaucrats (such as the ex-home secretary, ex-land reform commissioner, chief and political secretaries to the Chief Minister, WBIDC, CII and ASSOHAM officials, etc.); and several industrialists (some who ceased all activities in the state during the industrial unrest during the 1980s, some who are currently operating or considering investing).

The final round of interviews was at the local or sub-state level, comprised primarily of political elites at various levels of party hierarchies – such as state, district, zonal and local committee members (of the ruling coalition), *pradesh* and district committee members of both Congress and the *Trinamool* Congress. Finally, a series of interviews was carried out at Singur, with people from across all walks of life – local party supporters/cadres; the local BDO and *panchayat pradhan*; farmers who sold their land and received compensation, and those who did not give consent for their land to be acquired; sharecroppers (both registered

and unregistered); villagers who were injured in clashes with the police; local youth who were receiving training from the TATAs and were promised employment in the project. And in what was a truly emotional experience, I also went to the house of Tapasi Malik – the girl who was allegedly raped and murdered at Singur – and spoke with her family.

It also needs to be mentioned that I could establish a trust-base with most of my interviewees quite easily, which often led to frank and honest conversations. This happened, as I gathered during the fieldwork, primarily due to two reasons. Firstly, I am a Bengali, and having been born and brought up in Calcutta, I am naturally acquainted and comfortable with the local culture, and norms and nuances of the daily lives of people. Therefore, striking up a conversation with a farmer – perhaps while also helping him with his daily chores amidst a paddy field – was not a task too difficult for me. Secondly, while my interviewees could easily relate to me, they also saw me as a relatively safe person to converse with, as ‘here was a Bengali middle-class boy based in a foreign land’ (a remark made by a housewife at Singur). There were many things that my respondents told me *precisely because* I was perceived as an outsider.

During the initial period of the fieldwork, I came to hear the same answers repeated to my questions, until I started to get a feel for the dynamics I was studying. It was only a month or so into the fieldwork when I started to understand *the kind of questions* to ask that would elicit more varied responses. I often abandoned the role of interviewer entirely, and just talked with my respondents for long periods, engaging in a style of conversation that is known as *adda* in Bengali, meaning ‘idle chitchat’. Some of these conversation sessions stretched to four-five hours, but led to the most insightful responses, and often to a level of detail I could not have possibly gathered had I persisted with formal interviews. I also attended many political and administrative meetings (sometimes purely by accident, as I was

kept waiting in the same room where these meetings were taking place, before I could start my interview). The kind of conversations that took place in these meetings were a pointer for me to understand the local political dynamics much better, and many of my interviews started as a continuation of these meetings, as the respondents were more interested in commenting on the discussions that had just taken place, before settling down and answering my questions.

This thesis, on the whole, aims to tell the political history of West Bengal as it unfolded over the last two decades - an era when the irreversibility of reforms (though embraced gradually and often by stealth) in the entire country became more and more pronounced. The weakness of focusing on a single case in comparison with a large-N based comparative study is of course the difficulty in arguing to what extent the findings can be generalised to produce a robust theory. However, a single study such as this, set in the context of a broader theoretical and regional literature, remains an appropriate way for one researcher (as opposed to a team of researchers) to understand the deeper questions embedded in the unique historical and ideological context that characterises the case, and that are my object here. Many intriguing questions emerge 'in the field' where the very field itself opens up with its own energy, conundrums and flavours and speaks to the researcher, guiding his knowledge grounded on and generated from itself.

## Appendix 2: Demographic Details of West Bengal<sup>1</sup>

<b>NUMBER OF DISTRICTS</b>		19
<b>AREA</b>		88,752 Sq.km
<b>TOTAL POPULATION</b>	Persons	91,347,736
	Males	46,927,389
	Females	44,420,347
<b>DECADAL POPULATION GROWTH 2001-2011 (absolute)</b>		11,171,539
<b>DECADAL POPULATION GROWTH 2001-2011 (percentage)</b>		13.93
<b>POPULATION DENSITY</b> per sq.km		1029
<b>SEX RATIO</b> (No of females per 1000 male)		947
<b>0-6 AGE GROUP POPULATION</b>		
<i>Absolute</i>	Persons	10,112,599
	Males	5,187,264
	Females	4,925,335
<i>Percentage</i>	Persons	11.07%
	Males	11.05%
	Females	11.09%
<b>LITERACY</b>		
<i>Absolute</i>	Persons	62,614,556
	Males	34,508,159
	Females	28,106,397
<i>Percentage</i>	Persons	77.08%
	Males	82.67%
	Females	71.16%

<sup>1</sup> Source: Census 2011; [http://censusindia.gov.in/2011-prov-results/prov\\_data\\_products\\_wb.html](http://censusindia.gov.in/2011-prov-results/prov_data_products_wb.html); accessed on 5<sup>th</sup> December 2012

**Appendix 3: Electoral record of the CPI and the CPIM, 1952-1969**<sup>1</sup>

	1952		1957		1962		1967		1969	
	Seats Won	Vote share								
<b>CPI</b>	<b>28</b>	<b>24.52%</b>	<b>46</b>	<b>34.25%</b>	<b>50</b>	<b>40.88%</b>	<b>16</b>	<b>28.59%</b>	<b>30</b>	<b>53.1%</b>
<b>CPIM</b>	-	-	-	-	-	-	<b>43</b>	<b>36.14%</b>	<b>80</b>	<b>54.12%</b>

**Appendix 4: Electoral record of the CPI and the CPIM, 1971-1977**

	1971		1972		1977	
	Seats Won	Vote share	Seats Won	Vote share	Seats Won	Vote share
<b>CPI</b>	<b>13</b>	<b>20.99%</b>	<b>35</b>	<b>54.62%</b>	<b>2</b>	<b>12.67%</b>
<b>CPIM</b>	<b>113</b>	<b>37.42%</b>	<b>14</b>	<b>35.92%</b>	<b>178</b>	<b>46.23%</b>

<sup>1</sup> Source: [http://eci.nic.in/eci\\_main1/ElectionStatistics.aspx](http://eci.nic.in/eci_main1/ElectionStatistics.aspx); accessed on 5<sup>th</sup> December 2012

### Appendix 5: West Bengal Panchayat Election Results, 1978

	<b>Gram Panchayat</b>	<b>Panchayat Samiti</b>	<b>Zilla Parishad</b>	<b>Total</b>
<b>CPIM</b>	61.03	67.15	76.75	62.14
<b>CPI</b>	1.79	1.58	0.80	1.74
<b>RSP</b>	3.64	4.22	4.78	3.74
<b>AIFB</b>	3.17	3.87	6.85	3.32
<b>Left Front (Total)</b>	70.28	66.27	89.49	71.51
<b>Congress</b>	29.40	30.07	10.35	28.18

Source: *Pashchimbanga Panchayat Nirbachan 1993-Parisankhyan O Paryalochana*, CPIM, West Bengal State Committee, Calcutta, 1993:230.

## Appendix 6: Assembly Election Results in West Bengal, 1977-2011<sup>1</sup>

	1977		1982		1987	
	Seats Won	Vote Share (%)	Seats Won	Vote Share (%)	Seats Won	Vote Share (%)
<b>Left Front (major coalition partners)</b>						
CPIM	178	35.46	174	38.49	187	39.3
CPI	2	2.62	7	1.81	11	1.92
RSP	20	3.74	19	4.01	18	3.94
AIFB	25	5.24	28	5.9	26	5.84
<b>Congress</b>	20	23.02	49	39.73	40	41.81
<b>TMC</b>	-	-	-	-	-	-
<b>BJP</b>	-	-	0	0.58	0	0.51
<b>JNP</b>	29	20.02	0	0.83	0	0.16

	1991		1996		2001	
	Seats Won	Vote Share (%)	Seats Won	Vote Share (%)	Seats Won	Vote Share (%)
<b>Left Front (major coalition partners)</b>						
CPIM	189	36.87	157	37.92	143	36.59
CPI	5	1.54	6	1.75	7	1.79
RSP	18	3.47	18	3.72	17	3.43
AIFB	29	5.51	21	5.2	25	5.65
<b>Congress</b>	43	35.12	82	39.48	26	7.98
<b>TMC</b>	-	-	-	-	60	30.66
<b>BJP</b>	0	11.34	0	6.45	0	5.19

	2006		2011	
	Seats Won	Vote Share (%)	Seats Won	Vote Share (%)
<b>Left Front (major coalition partners)</b>				
CPIM	176	37.13	40	30.08
CPI	8	1.91	2	1.84
RSP	20	3.71	7	2.96
AIFB	23	5.66	11	4.8
<b>Congress</b>	21	14.71	42	9.09
<b>TMC</b>	30	26.64	184	38.93
<b>BJP</b>	0	1.93	0	4.06

<sup>1</sup> Source: Election Commission of India; [http://eci.nic.in/eci\\_main1/ElectionStatistics.aspx](http://eci.nic.in/eci_main1/ElectionStatistics.aspx); accessed 5<sup>th</sup> December 2012

## **Appendix 7: Industrial Development in West Bengal Post-1994<sup>281</sup>**

Following the policy transition in 1994 and the subsequent institutional changes and image building exercises, the expectancy regarding industrial prospects of West Bengal was - perhaps justifiably so - highly optimistic. In its 1995-96 Economic Review the government described the upsurge in industrial investment after the 1994 Statement as nothing short of phenomenal. Also, in an attempt to illustrate the government's increasingly liberal image, the Review went on to note that delegations comprising of both private industrialists and senior government officials from the state have visited the US, Europe, and China, and have commenced preliminary negotiations over projects worth more than \$1.4 billion (Economic Review 1995-96; GoWB:39-40). The Left Front has always been emphatic in its claim that since 1994, West Bengal has been experiencing a new industrial 'dawn' (RayChaudhuri and Basu, 2007). If one looks at the period till 2000/2001, such claims assert credibility on the basis of three factors.

Firstly, as RayChaudhuri and Basu (*ibid.*) shows, there indeed was a structural shift in the quantum of investment coming to West Bengal in the 1991-2000 period as compared to earlier years (see table A7.1). Secondly, the state experienced a steady growth in per-capita SDP during this period (see table A7.2), and was next only to Maharashtra, Gujarat, and Tamil Nadu in terms of per-capita SDP growth rates (see table A7.3). Thirdly, with regards to foreign direct investment, West Bengal outperformed most states - even Gujarat - between 1991 and 1997 (Sinha, 2004) (see table A7.4).

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<sup>281</sup> All population data in this appendix has been calculated as per census records.

**Table A7.1: Structural Break in Industrial Investment in West Bengal**

<b>Year</b>	<b>Investment Catalysed (in Rs. Crores)</b>
1977-1981	173.76
1982-1988	774.01
1991-2001	19775.2

Source: RayChaudhuri and Basu, (2007)

**Table A7.2: SDP Growth in West Bengal**

<b>Year</b>	<b>SDP (in Rs. Crores)</b>	<i>At 1993-94 prices</i>	
		<b>Per Capita SDP</b>	
1993-94	48397.63		6755.95
1994-95	51761.26		7094.08
1995-96	55630.83		7491.86
1996-97	59495.99		7880.05
1997-98	64483.61		8407.58
1998-99	68598.38		8813.76
1999-00	73609.21		9330.02

Source: Economic review, GoWB, various issues

However, several caveats emerge in this story of an industrial turnaround and high growth on a closer look. First and foremost, as Sarkar (2006) points out, despite the high growth rates, the rank of West Bengal in terms of per-capita SDP has been continuously declining in comparison to other states. From a rank of 6<sup>th</sup> in 1980-81 and 7<sup>th</sup> in 1990-91, it had declined to 9<sup>th</sup> by 2000-01. It seems, Sarkar notes, “that West Bengal is running faster than almost all other states, yet continuously lagging behind” (ibid.:343). Secondly, an examination of investment statistics also reveals patterns contrary to the claims of a phenomenal upsurge. As Sinha (2004) shows, between 1991 and 2003, the number of proposals<sup>282</sup> coming West Bengal’s way was only 4.73% of the national share, and the actual investment was a paltry 3.85% of all-India investment (see table A7.5). Sinha also goes on to show the divergence in performance between different states during this period, for example, while the per-capita investment (in Rs. million) in Gujarat was 37409, in West Bengal it was only 5514. Also, in

<sup>282</sup> Calculated as the sum total of Industrial Entrepreneur Memorandums (IEM) and Letters of Intent (LOI).

terms of the average ratio of implementation (investment under implementation/proposed investment) between 1996 and 1999, Gujarat occupied the highest rank with 55.6%, followed by Maharashtra with 49%, while West Bengal could only achieve 35.4%.

<b>Table A7.3: Per-Capita SDP Growth Rates: 1992-93 to 1998-99</b>		
<b>Position</b>	<b>State</b>	<b>Growth Rate (%)</b>
1	Gujarat	7.8
2	Maharashtra	6.8
3	Tamil Nadu	5
4	West Bengal	4.8
5	Kerala	4.6
6	Rajasthan	4.4
7	Madhya Pradesh	3.9
8	Andhra Pradesh	3.7
9	Karnataka	3.5
10	Punjab	2.8
11	Haryana	2.6
12	Uttar Pradesh	1.6
13	Orissa	1.6
14	Bihar	-0.2

Source: *Sachs, Bajpai, and Ramiah (2002)*

Thirdly, the ground level realities hardly presented any grounds for optimism. As tables A7.6 and A7.7 show, while the number of registered units increased by 11% between 1990 and 1999, the employment generated actually fell by 7%. There was a 10% increase in ex-factory value of industrial output, but at the same time, the state's national share fell from almost 10% in 1981 to 6% by 1991 and to a meagre 4.3% by 1999. It is also clear from table A7.8, that among all the major Indian states, only West Bengal (along with Bihar and Uttar Pradesh) continued to display a negative employment trend in the organised sector for the periods 1980-90 and 1990-98. As table A7.9 also shows, the public sector continued to be the primary source for employment in the state during this period. Therefore, the SDP growth rate- albeit one of the best in the country- was never able to bring in an associated rise in employment.

**Table A7.4: State-wise FDI Proposals: August 1991 to January 1997**

<b>State</b>	<b>No of Projects</b>	<b>Investment Amount (in Rs. Crores)</b>	<b>All India Share (%)</b>
Maharashtra	1355	12676.4	12.5
Gujarat	548	3762.5	3.7
West Bengal	271	5249.5	5.2
Tamil Nadu	812	5468	5.4
Kerala	104	520.9	0.5
Andhra Pradesh	439	2511.3	2.5
Bihar	69	130.7	0.1

Source: Sinha (2004)

**Table A7.5: State-wise Investment Data: 1991-2003**

<b>State</b>	<b>Number of Proposals (IEM+LOI)</b>	<b>All India Share (%)</b>	<b>Investment Amount (in Rs. Crores)</b>	<b>All India Share (%)</b>
Maharashtra	10232	19.9	242641	21.11
Gujarat	6483	12.61	188916	16.43
Tamil Nadu	4786	9.31	70254	6.11
Uttar Pradesh	4553	8.86	77629	6.75
Andhra Pradesh	3613	7.03	125811	10.94
Haryana	3097	6.02	33613	2.92
Rajasthan	2451	4.77	40973	3.56
West Bengal	2434	4.73	44222	3.85
Punjab	2312	4.5	53897	4.69
Madhya Pradesh	2097	4.08	44976	3.91
Karnataka	2086	4.06	55715	4.85
Kerala	528	1.03	10554	0.92
Orissa	414	0.81	30164	2.62
Bihar	171	0.33	4468	0.39

Source: Sinha (2004)

<b>Table A7.6: Key Industrial Characteristics of West Bengal</b>			
<b>Year</b>	<b>Number of Registered Units</b>	<b>Average Employment</b>	<b>Ex-Factory Value of Industrial Output (in Rs. Crs)</b>
1990	7373	874254	16287
1995	7617	889647	25922
1996	7807	864547	31409
1997	7935	831887	34563
1998	8059	832519	41895
1999	8231	813082	33931

Source: Economic review, GoWB, various issues

<b>Table A7.7: West Bengal's Share in Ex-factory National Industrial Output</b>	
<b>Year</b>	<b>% Share</b>
1981	9.8
1986	7.9
1991	6
1992	6.1
1993	5.6
1994	5.4
1995	5
1996	4.7
1997	5
1998	5
1999	4.3

Source: Economic Review, GoWB, various issues

<b>Table A7.8: Annual % Growth Rate of Workers in Organised Sector, 1980-98</b>				
<b>State</b>	<b>1980-81 to 1989-90</b>	<b>1990-91 to 1997-98</b>	<b>1980-81 to 1997-98</b>	<i>Average population (in millions) 1981-2001</i>
Maharashtra	-1.1%	2.1	0.4	79.4
Gujarat	-0.05	2.3	1.1	41.9
Tamil Nadu	1.8	3.9	2.8	55.4
Uttar Pradesh	0.5	-0.8	-0.1	134.4
Andhra Pradesh	2.7	5.7	4.1	65.2
Haryana	3.9	2.7	3.3	16.8
Rajasthan	3.5	1.2	2.4	44.9
West Bengal	-2.9	1.9	-0.6	67.6
Punjab	7.1	1.1	4.3	20.5
Madhya Pradesh	2.9	1.8	2.4	49.1
Karnataka	0.3	5.6	2.8	44.9
Kerala	-0.6	4.6	1.9	28.8
Orissa	1.9	1.6	1.8	31.6
Bihar	0.1	-3.7	-1.7	66.6
Assam	0.2	3.3	1.6	22.3

Source: Sarkar (2006)

<b>Table A7.9: Sector-wise Distribution of Employment in West Bengal (in lakhs)</b>		
<b>Year</b>	<b>Public Sector</b>	<b>Private Sector</b>
1990	16.86	8.9
1996	16.2	7.96
1997	16.24	7.82
1998	16.65	8.07
1999	16.62	8.07
2000	16.62	7.89

*Source: Economic review, GoWB, various issues*

Given these trends, how does one explain the growth figures (mainly SDP and overall production levels)? While the claim that low industrial growth of the 1980s has been largely reversed in the 1990s is dubious, it had indeed been compensated to a large extent by the growth in the unorganised manufacturing sector. The share of unregistered sector in the manufacturing industry in West Bengal showed a phenomenal increase from 42% in 1980 to 61% by 2001 (contrasted by a fall in the national trend from 45% to 36% in the same time, see table A7.10). In terms of employment generation, the contribution of the unorganised sector in the overall employment in the manufacturing industry in West Bengal has consistently been one of the highest in the country (see table A7.11). There has been a spectacular increase in the number of unorganised units (particularly in the rural area) during the 1990s, a time when even Uttar Pradesh- the second largest state in terms of the unorganised sector- displayed an arresting trend (see table A7.12). The contribution of the unorganised sector in the overall industrial economy of West Bengal is substantial<sup>283</sup>, as Chakravarty and Bose observe: "...since the mid 1990s unorganised manufacturing, in fact, has been contributing almost as much as the organised sector...The relative decline of the organised sector in the case of WB becomes striking when we see how the state's position

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<sup>283</sup> However, as Sarkar (2006) points, the data on the unorganised sector can be highly unreliable. While the sector is usually characterised by both high birth and death rates of units, the latter is often difficult to trace, and as a result might not be reflected in the growth trend statistics.

deteriorates with respect to the country...In the year 2004-05 WB stands at the 7<sup>th</sup> position in terms of manufacturing output considering all states in India...However, the position of the state improves significantly to the 3<sup>rd</sup> if we consider the unorganised manufacturing alone” (2009:12).

**Table A7.10: Share of Unorganised Sector in Manufacturing Industry- West Bengal vs. India (%)**

<b>Year</b>	<b>West Bengal</b>	<b>India</b>
1980-81	42	45
1990-91	45	38
2000-01	61	38
2003-04	65	36

Source: *RayChaudhuri and Basu, (2007)*

**Table A7.11: Share of Unregistered Sector in Total Manufacturing Employment- West Bengal vs. other States (%)**

<b>State</b>	<b>Year</b>			<i>Average population (in millions)</i>
	<b>1989-90</b>	<b>1994-95</b>	<b>2000-01</b>	<b>1991-2001</b>
Maharashtra	67.3	64.57	71.7	87.9
Gujarat	70.07	69.85	66.4	45.9
Tamil Nadu	78	71.2	75.19	59
Karnataka	81.3	79.6	81.08	48.8
Andhra Pradesh	79.39	70.4	78.4	71.1
Uttar Pradesh	86.5	88.39	90.9	149.1
West Bengal	89.2	85.38	91.15	74.2

Source: *RayChaudhuri and Basu, (2007)*

**Table A7.12: Estimated Unorganised Manufacturing Units and Employment Therein (in crores)**

<b>Year</b>		<b>State</b>					
		<b>West Bengal</b>			<b>Uttar Pradesh</b>		
		<b>Rural</b>	<b>Urban</b>	<b>Total</b>	<b>Rural</b>	<b>Urban</b>	<b>Total</b>
1994-95	<i>Units</i>	15312	3778	19090	18359	6789	25148
	<i>Employment</i>	3.37	1.01	4.38	4.15	1.78	5.93
2000-01	<i>Units</i>	21237	6474	27711	16313	6588	22901
	<i>Employment</i>	4.42	1.45	5.87	3.68	1.72	5.4

Source: *Khasnabis, 2008; for average population figures see Table A7.11*

Fourthly, the high growth rates- albeit largely due to growth in unorganised sector- are not reflected in other human development indicators. As per the National Human Development Report (2004), West Bengal is below the national average in per-capita consumption, access to *pucca* (concrete) housing facilities, electrification, per-capita consumption of electricity and poverty levels. However, the state is above the national average with respect to some other indicators- particularly literacy, infant mortality rates, life expectancy at birth and availability of drinking water.

Finally, whatever growth took place barely eased the financial doldrums the government was already in (see chapter 4 for details). Table A7.13 provides a comparative analysis of the cumulative fiscal indicators of the top thirteen states with maximum revenue deficits in the 1990-00 period. West Bengal was second in the list with a total deficit of Rs. 23675 crores, a slight improvement from the 1989-90 position, when it had topped the list. The state continued to perform dismally in terms of its revenue collection. Between 1990 and 2000, the own revenue receipt of the government stood at 57.5% of its total revenue receipt, slightly better than Uttar Pradesh (52.5%) and Orissa (43.25%), but significantly less than all other states. The state also continued to remain the third highest in the country in terms of total outstanding liability (Rs. 198564 crores), only behind Uttar Pradesh and Maharashtra. As far as the debt-income ratio is concerned, West Bengal stood out as one of the most debt stressed states in the country, only behind Uttar Pradesh, Orissa and Punjab or Bihar (in terms of total liability as a proportion of total revenue receipt or own revenue receipt). The state also was one of most stressed in terms of administrative, pension and interest charges, with a total of almost 35% of its total revenue expenditure going towards these expenses (less than only Punjab and Bihar). As a result, capital expenditure in West Bengal remained one of the lowest in the country - a paltry 19.37% of its total revenue expenditure, higher than only other low ranked states - Kerala, Punjab, Bihar and Madhya Pradesh. These indicators, along

with similar indicators from the 1980-90 period as discussed in chapter 4, prove that in spite of a substantial growth in SDP and a large quantum of investment, fiscal governance in West Bengal continued to remain one of the worst in the country.

All the above issues, taken together, present a picture of the post-1994 industrial economy of West Bengal which is quite contrary to the often-repeated claims of a phenomenal turnaround by the state. While there were some encouraging trends, there were no signs of a steady change in conditions, and the industrialisation initiatives were- at best- halted in nature. As Sarkar suggests, “West Bengal is a middle ranking state and has remained so for a long time. This is not consistent with high industrial growth” (ibid.).

### **Sticky Institutions and Fragmented Political Response**

The economic divergence of the Indian states post 1991 has been widely discussed and debated (see chapter 1 for details). However, while most of the debates have focused on the inter-state competitive conditions and the implicit changes in the federal dynamics, a more sub-national level of analysis, focusing on local factors and players has been relatively less forthcoming. But intra-state or intra-region analysis can be equally illuminating, as “despite common motivations...the pattern of liberalization in any given state is shaped by institutional capacities, the dynamics of its political economy and the societal responses to policy changes” (Sinha, 2004:72).

Unfortunately, compared to the plethora of literature on the Left Front’s land reforms and democratic decentralization initiatives, very limited assessment of its pattern of liberalization have taken place. Most discussions on industrialisation in West Bengal limit themselves to an evaluation of investment/employment, hardly recognising the interplay among ideas, interests and institutions (ibid.). Sinha’s comparative analysis on West Bengal, Gujarat and Tamil Nadu (2004, 2005) is the most comprehensive account of both the institutional and political

**Table A7.13: Fiscal Indicators of 13 States with Maximum Revenue Deficit: 1990-2000<sup>284</sup>**

Indicators (in Rs. Crores or %)	States										
	WB	UP	KRL	RTN	MH	GJRT	PN	TN	AP	KNTK	BHR
<b>Revenue Deficit</b>	23675	32213	9717	9405	13880	9532	11817	15707	9506	4942	10140
<b>Total revenue receipt</b>	71028	142874	50989	66547	160505	84769	47386	102901	101706	80297	74526
<b>Own revenue receipt</b>	40864	75003	36251	44591	143857	76714	44492	78526	73426	63988	30454
<b>Net devolution and transfer of resources from centre</b>	35525	75914	15203	28056	30508	17212	6758	29138	39073	22048	45934
<b>% of central transfer in total revenue receipt</b>	42.47 %	47.50%	28.90%	32.99%	10.37%	9.50%	6.11%	23.69%	27.81%	20.31 %	59.14%
<b>Total outstanding liability</b>	19856 4	410154	111422	150713	282944	163979	144049	155307	181252	11510 6	190420
<b>Total outstanding liability as a % of total revenue receipt</b>	279.5 6%	287.07%	218.52%	226.48%	176.28%	193.44%	303.99%	150.93%	178.21%	143.3 5%	255.51 %
<b>Total outstanding liability as a % of own revenue receipt</b>	485.9 1%	546.85%	307.36%	337.99%	196.68%	213.75%	323.76%	197.78%	246.85%	179.8 9%	625.27 %
<b>Total revenue expenditure</b>	94704	175087	60705	75952	174383	94300	59202	108609	111211	85240	84665
<b>total capital expenditure</b>	18346	40382	10329	21911	41082	22870	13110	16629	28146	17727	13849
<b>% of total capital expenditure in total revenue expenditure</b>	19.37 %	23.06%	17.02%	28.85%	23.56%	24.25%	22.14%	15.31%	25.31%	20.80 %	16.36%
<b>Administration, Pension &amp; Interest Payments</b>	32845	60321	20647	23984	46491	26600	24444	32465	32681	23029	30695
<b>% of administration, interest &amp; pension in total revenue expenditure</b>	34.68 %	34.45%	34.01%	31.58%	26.66%	28.21%	41.29%	29.89%	29.39%	27.02 %	36.25%

Calculated from the Handbook of Statistics on the State Government Finances, RBI:2010

Note: The abbreviations for the states are as follows- WB =West Bengal, UP= Uttar Pradesh, KRL= Kerala, RTN= Rajasthan; MH= Maharashtra, GJRT= Gujarat, PN = Punjab, TN= Tamil Nadu, AP= Andhra Pradesh, KNTK= Karnataka, BHR= Bihar, MP= Madhya Pradesh, ORS= Orissa.

<sup>284</sup> For average population figures see Table A7.8

capacities explaining the investment patterns in these states. Recently, RayChaudhuri and Basu (2007), and Chakravarty and Bose (2009) have also studied the nature and extent of institutional capabilities of West Bengal extensively, particularly from a transaction-cost based perspective. The primary conclusions from these studies- which go a long distance in illuminating the causes behind the halted industrialisation initiatives in the state- can be summarised as follows:

**(a) Poor infrastructural conditions, low labour productivity and bureaucratic inefficiency**

The institutional initiatives of the Left Front following the 1994 policy can certainly be credited for whatever growth trends were visible in the following years. However, the impasse that had gradually clouded the industrial future of the state, according to some observers, was due to the government's inability to attract large scale investments on account of extremely poor infrastructural conditions (Chakravarty and Bose, *ibid.*:14). In a widely cited study by Ghosh and De (2004) on infrastructural conditions and regional development in India, the authors observe: "Punjab, Tamil Nadu, Kerala, Gujarat, Haryana and Maharashtra have substantially consolidated their positions in economic infrastructure during the last quarter century. On the other hand, Assam, Jammu and Kashmir, Uttar Pradesh, Bihar, West Bengal, Orissa and Madhya Pradesh have consistently represented the lowest profile of economic infrastructure. The most dramatic change has occurred in case of West Bengal- the state that attained the position of most-developed status under British rule [and] till mid 60s has ultimately come down to the 14<sup>th</sup> position out of the 18 states by 1997-98" (1022). This ranking is based on the formulation of a composite index of infrastructure services for all states (EOCI- Economic Overhead Capital Index), which comprises of six key areas: transportation (both road and rail networks), gross irrigated area, per capita

consumption of electricity, telephone main line per 10000 population bases, credit/deposit ratio in nationalised banks and the states' own tax collection levels. The general message from several business houses over the years has also been that an immediate and significant improvement in physical infrastructure, particularly in roads and ports is extremely necessary. Also, while West Bengal on paper has been a power-surplus state, the quality of power in most parts- particularly in the rural areas- is extremely poor, and needs significant augmentation both in power-supply capacity and transmission and distribution systems (Chakravarty and Bose, *ibid.*). In their study, Ghosh and De (*ibid.*) also developed a Social Infrastructure Index (SOPI) comprising key social development indicators such as literacy rate, infant mortality rate, proportion of people with access to *pucca* (concrete) housing facilities and number of post offices per 10000 population bases. The SOPI rankings largely mirrors the EOPI list, with West Bengal showing a marginal improvement, occupying the 10<sup>th</sup> position out of 18 states by 1997-98.

Dipankar Chatterjee, ex-Chairman CII (Eastern and North-Eastern regions) describes the hurdles faced by investors due to infrastructural inadequacies in the state as follows:

Creating infrastructure testifies a state's willingness to facilitate industrialisation. But the track record of the Left Front on this count has not been good. West Bengal seriously lacks in power transmission and distribution capacities. Earlier, because there were not many industries here, the demand for power was not much and therefore there was no visible crisis, although the quality and delivery of power has always been very bad. Now with increasing demand for power, this has become a critical issue. Secondly, the condition of roads and ports are also hardly encouraging, particularly the latter. Of the only two ports, Haldia has serious dredging and draft problems, while Calcutta port has productivity problems. The other major problem in West Bengal is the Calcutta-centric development. For example, in Maharashtra, apart from Mumbai there are other industrial hubs in Pune, Nasik, Aurangabad and Jalgaon. But in West Bengal it is very difficult to venture out of Calcutta. The quality of life in other towns is also quite poor. While it is possible to establish agro based industries in Malda or Dinajpore districts, the standard of life in those areas makes it impossible for an entrepreneur to persuade his employees to go and stay there. None of the other planned industrial hubs in Asansol, Durgapur, Haldia, Kharagpur etc. could ever really take off for these reasons. The load is thus almost entirely on Calcutta, which has made the city highly congested and overcrowded.<sup>285</sup>

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<sup>285</sup> Source: Interviews

Secondly, there is the issue of low labour productivity in the organised manufacturing sector. In fact, when compared to industrially advanced states such as Maharashtra, Gujarat and Tamil Nadu (the labour productivity levels were quite similar for all four states during the 1980s), West Bengal displays the worst results. In explaining what might have caused this divergence, Chakravarty and Bose (*ibid.*) show that there has been a continuous deceleration of real fixed assets per worker in West Bengal, indicating a lack of technological modernisation as compared to the other states. Labour productivity in the unorganised manufacturing sector was also extremely poor, lower than not only the industrially developed states but also than that of the national average. Furthermore, the wage rates prevailing in the unorganised sector was also one of the lowest in the country. On the basis of these data, Chakravarty and Bose raise an important question- “is it then the cheapest labour that is dragging the output to the unorganised sector in this state?”, and go on to observe that “this also opens up the possibility of using contract/casual labour within the organised sector and farming out production to the unorganised ones. This, in turn, is likely to lead to expansion of outputs in unorganised manufacturing” (*ibid.*:17).

Finally, in spite of the much talked about image and policy makeover, there has been hardly any improvements in the often criticised bureaucratic inefficiencies that continued to plague the industrial prospects of the state. The immense amount of paperwork, bureaucratic procedures and associated delays were among the major hurdles that businesses, particularly small start ups, found extremely difficult to overcome. The most difficult task for an entrepreneur was obtaining the various departmental clearances. Dipankar Chatterjee illustrates the painstaking nature of the process in the following observation:

As far as obtaining clearances is concerned, it is a nightmarish situation. Firstly, obtaining land clearance is always a major hurdle. Not only is land a limited commodity, but it is also extremely fragmented in West Bengal, and in many cases no proper records exist. Other clearances such pollution control is also highly difficult to obtain. For example, if someone is trying to set up an industry in Bardhaman, he will need some clearances from Bardhaman

itself and some from Calcutta. Now he will not get the clearances from Bardhaman as the officer posted there considers it a punishment posting, and he is to be found in his office only on Tuesday, Wednesday, Thursday and half of Friday. He will not be there for the rest of the week, or at least avoid being at office if possible. If the permission is to be obtained from Calcutta, then the investor will have to continuously commute between Bardhaman and Calcutta, and it is a painful process. These types of persisting ground level problems would never allow West Bengal to become an attractive industrial destination- particularly for medium scale labour intensive industries- in spite of all the statements of intent declared by the government.<sup>286</sup>

An additional problem is the multitude of clearances that are necessary for any project. Figure 1 presents a flow chart of the process to set up an industry in West Bengal. There are at least 18 different kinds of clearances to be obtained between IEM acknowledgment (step 5) and tax registration (step 25). Compare this to the scenario in Gujarat, where (1) the number of clearances necessary is far less (about 12- see table A7.14) and (2) a single window service exists to process the different clearances together (the INDEXTB- see next section).

### **(b) Sticky institutional practices**

Sinha (2004) highlights another important area- the existing investment management practices in West Bengal as compared to other states. After 1991, while the approval administration at the central levels was substantially streamlined and many licensing regulations were abolished, its counterparts at the state-level rose in importance. But despite this enhanced role, the effectiveness of these investment-promotion organisations after 1991 continued to be determined by their *pre-1991 institutional capacities and skills*. Sinha (ibid.:89-93) uses Gujarat and West Bengal as two contrasting examples. Gujarat had developed its own regulatory agency- the Industrial Extension Bureau (INDEXTB)- as early as 1970, in order to effectively monitor central licences from the stage of allotment to actual production. Starting from maintaining a register for the Letters of Intent (LOI) allotted for the state, the agency invited prospective investors to come and visit possible sites, continuously

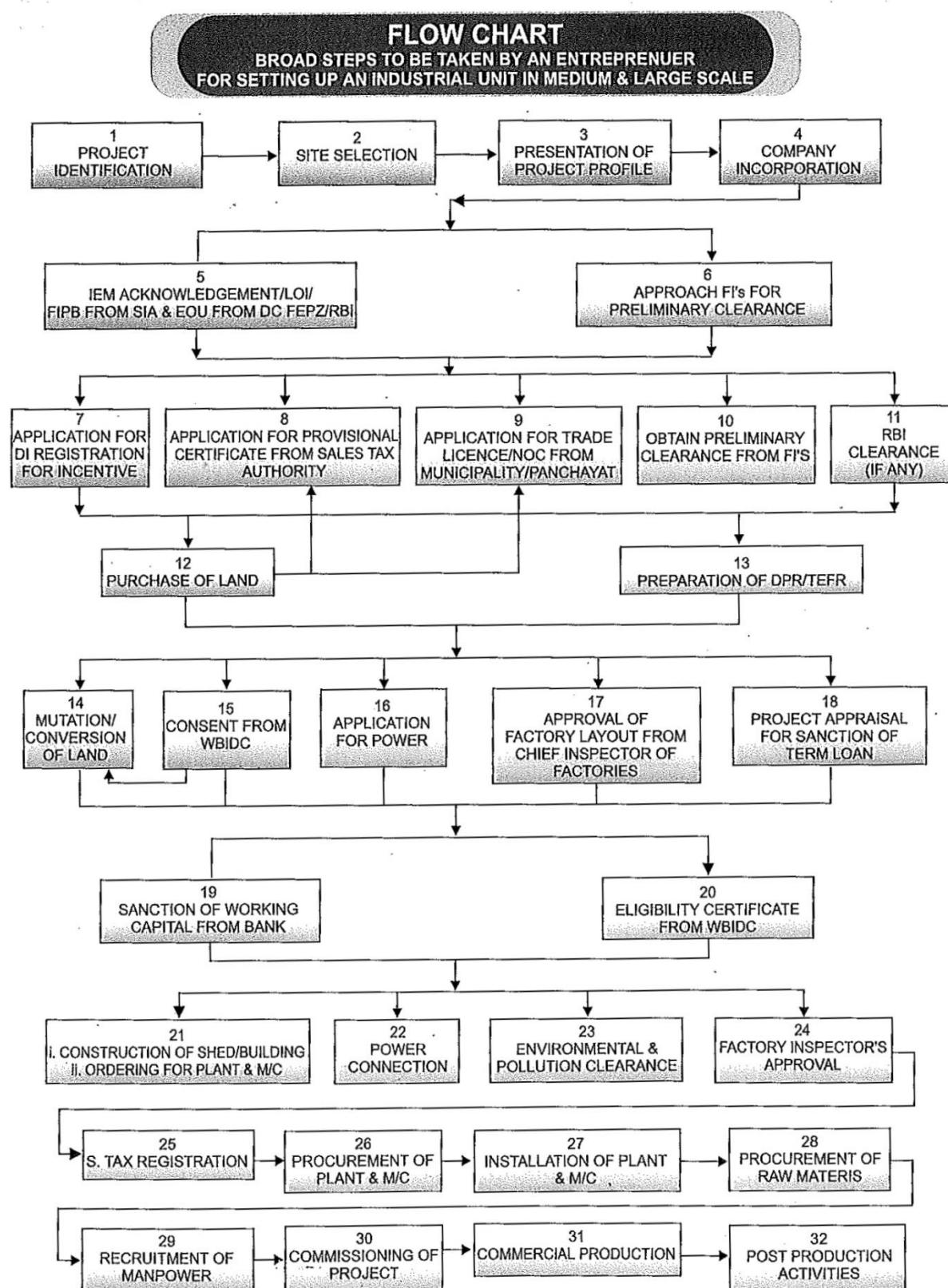
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<sup>286</sup> Source: Interviews

monitored the ‘application status’ of proposed projects, traced and solved pending queries/licenses, and periodically updated ‘implementation status’ of all ongoing projects. These pre-existing skills and capacities to monitor investment proved extremely beneficial for Gujarat even after 1991, when the targets of attention were expanded to include foreign and domestic private investors, thus accounting for the very high proportion of proposed-to-implemented ratio compared to most other states.

In West Bengal, on the other hand, no such investment promotional agency or any mechanism to monitor the status of proposed projects ever existed before 1991. The WBIDC took up similar promotional activities only after its own reorganisation in 1994, but following the deep-rooted trends of the license-raj era, practices such as updating implementation status of ongoing projects were hardly ever carried out. While there was some limited degree of follow up actions, these were heavily biased towards a few large scale flagship projects, and mostly ignored mid-sized and smaller projects. Even the revamped single-window service, the *Silpabandhu*, helped only those investors who actually came to it with problems, unlike the institutionalised practices in states like Gujarat and Maharashtra of proactively seeking investors even before any problem might have surfaced. Sinha goes on to argue that these and other practices of the two states’ bureaucratic performance (including the capacity of relevant agencies to collect and disseminate information to investors, in which Gujarat once again vastly outperforms West Bengal) “demonstrates that institutional differences pre-dating the Centre’s 1991 reforms persist. Once liberalization became a feature of the national policy landscape, these institutional differences continued to influence investors’ decisions, and this helps to explain the variations across the two states in terms of the investment flows each has received...Institutions are sticky in both Gujarat and West Bengal, and this accounts for the greater divergence across these two states that models based on policy alone would predict” (ibid.).

Figure A7.1: Procedure to set up an industrial project in West Bengal



Source: *Quarterly Bulletin of Investment Industry & Trade in West Bengal, 2004-05*

**Table A7.14: Approvals Required for Establishing an Industrial Project in Gujarat**

	<b>Approval Type</b>	<b>Authority</b>
<b>1.0</b>		
1.1	Entrepreneurship Memorandum (EM)	District Industries Centre
1.2	Industrial Entrepreneurship Memorandum(IEM)	Secretariat For Industrial Approval(SIA), New Delhi
1.3	Letter of Intent(LOI)	-Do-
1.4	100% Export Oriented Units(EOU) & SEZ units	Development Commissioner
<b>2.0</b>		
2.1	Registration as Firm	Registrar of Firms
2.2	For approval of Name of Private/Public Limited Company and incorporation thereof	Registrar of Companies
2.3	Cooperative Society	Registrar of Cooperatives
<b>3.0</b>		
3.1	Allotment of plot/shed in Industrial Estate	Gujarat Industrial Development Corporation (GIDC)
3.2	Allotment of Government land	District Collector
3.3	Agricultural Land	Purchase through negotiation
<b>4.0</b>	<b>NA Permission</b>	Collector/District Development Officer
<b>5.0</b>		
5.1	No Objection Certificate	Gujarat Pollution Board
5.2	Environmental Clearance (EC)	Ministry of Environment and Forest (MOEF)
5.3	Consent and Authorization	Gujarat Pollution Control Board
<b>6.0</b>		
6.1	Plan Approval in Industrial Estate	GIDC
6.2	Plan Approval in other area	Local Authority
<b>7.0</b>		
7.1	In Industrial Estate	GIDC
7.2	River/Public Service	Department of Narmada & Water Resources,
<b>8.0</b>		
8.1	Power requirement	Gujarat Urja Vikas Nigam Ltd.-Distribution Company or respective agencies
<b>9.0</b>		
9.1	Capital Issue	Securities and Exchange Board of India (SEBI)
<b>9.0</b>		
9.2	Term Loan	Financial Institutions or Bank
9.3	Working Capital	Banks
<b>10.0</b>		
10.1	SME	District Industries Centre
10.2	Large Units	SIA
<b>11.0</b>		
11.1	Registration under Shops & Establishment Act	Local Authority/Municipal Corporation
11.2	Registration as Factory	Chief Inspector of Factories
<b>12.0</b>		
12.1	VAT Registration	Commercial Tax Officer

Source: Gujarat Industries Commissionerate ([http://ic.gujarat.gov.in/?page\\_id=427](http://ic.gujarat.gov.in/?page_id=427)); accessed 5<sup>th</sup> December 2012

### **(c) Fragmented political response**

Sinha goes on to argue that the effectiveness of institutional capabilities can be reinforced or undermined by the responses of key social groups, viz. political leaders and party members, business actors, labour leaders etc. As any policy shift engenders a range of political responses from these groups, the different patterns and outcomes of policy implementation in different regions/states are a function of such societal responses. In West Bengal, despite sincere efforts from the top leadership and even after reaching an ideological consensus, the reform trajectory could never take off due to the multiple dilemmas that the CPIM was confronted with in the face of the existing balance between various societal groups and electoral compulsions. These compulsions were primarily threefold:

1. In what can be viewed as a classic collective action problem, the party was unable to create potential winners of the liberalisation process in the countryside. The pattern of industrialisation in West Bengal has always been spatially concentrated in and around Calcutta, whereas the party's political support base has traditionally been in the rural areas, the urban areas usually being the focal points of the opposition. Furthermore, the agriculture-industry divide was also a direct corroboration of the rural-urban divide in the state- as historically only the urban districts have been industrially developed, while rural industrialisation has been virtually non-existent. Traditionally, the urban industrialists and consumers have been the only direct benefactors of the industrialisation initiatives. Not only did this spatial nature of industrialisation failed to generate enough political support for the liberalisation process by creating potential winners in the countryside, but the visible concentration of benefits on a few urban

centres actually created an opposition to the (however limited) reformist agenda of the government<sup>287</sup>.

2. Secondly, the lack of cohesion within the Left Front members and across the party-union structures on policy issues pertaining to the involvement of the private sector (and particularly foreign firms) limited the CPIM's opportunities to pursue its industrialisation initiatives to the fullest extent. The party's own trade union wing- the CITU- along with the other major coalition partners- the CPI, Forward Block and RSP- managed to reign in the CPIM over many policy decisions favouring the private sector. For example, in 1995, CITU leaders were able to suspend the government's decision to privatise the Great Eastern Hotel and the construction of several multiplex cinemas by Warner Brothers. Jyoti Basu was increasingly being seen both by the industrialists as well as the political class to have control neither over his own party/union leadership nor over other coalition member parties.
3. These problems were compounded further by the electoral compulsions of the CPIM in the late 1990s, particularly in the face of rising opposition from the newly formed Trinamool Congress (TMC). Although the TMC was formed only in 1998, it managed to win 26% of the state's seats in the 1999 Parliamentary elections and 31% in the 2001 state assembly elections. In fact in the 1999 elections, the TMC and the Congress together captured 39.3% of the seats, higher than that of the CPIM's share. The TMC had become particularly strong in the industrial belts of the state, and the ruling coalition was staring at a gradual loss of power in the key urban/industrial constituencies. For example, before the formation of the TMC, the Left Front had

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<sup>287</sup> Between 1991-95, 74% of new industrial applications and 60% of proposed investment was meant for five districts- Calcutta, Howrah, Hooghly, North and South 24 Parganas- all clustered around Calcutta. On the other hand, 75% of assembly seats are located in rural districts. In the 2001 state assembly elections, 57% of the seats won by the Left Front came from the rural districts (Sinha, *ibid.*:95).

managed to win 65 out of 75 seats from the south Bengal industrial belt (excluding Calcutta) in 1991 and 45 seats in 1996. In the 2001 elections, while they managed to hold on to a majority of 40 seats, the TMC- barely within three years of its formation- had managed to capture 32 seats. The political conflict between the parties were often spilling over into violent agitations, and the leader of the TMC, Mamata Banerjee (who also served as the railway minister at the centre from 1999 to 2001) managed to draw an increasing national attention over the law and order issues in the state.

In effect, despite its rhetorical and institutional commitments towards a pro-market economic transition, the CPIM was confronted with “serious challenges arising from the spatial dimensions of the state’s political economy, intra-organizational conflict...and the electoral challenges that began to emerge in the late 1990s. The result is that the politics of liberalization becomes *fragmented*, the multiple sites of contestation leading to incoherence between economic policies and the way in which they get implemented” (ibid.:103). As a result, contrary to claims of the party and the government, the industrialisation agenda continued in its halted mode, never taking off as expected.

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