

“Bengal and The Reforms”

It was May of this year. Near the Adisaptagram railway station a lean and old man was walking in the open fields under the scorching heat. Poverty was written all over his face. He had a small transistor on his shoulders and it played the superhit Bhumi song “Tomar dekha nai re...”. This was a description which my friend, who works in the Railways told me of his experience of roaming about in the countryside of Buddhhababu’s Bengal. I thought that this was a very apt description of what a majority of the people of Bengal think is the current state of Buddhhababu’s Bengal. The common language of expressing this discontent is the following: “Achcha dada, ei je Buddhhababu etoshob Kolkatai korchey, flyover hochchey, mall hochchey, bideshi logni ashchey...achhha gram bangle, ba mofosholer ki kichu hochchey?” The question has a certain degree of rhetoric imbibed in it. The simple answer that I would like to give is that “if suppose for argument sake we assume that the state of villages in West Bengal has declined in the last 4-5 years, is that because of the reforms which Buddhhababu is trying to make?”. The answer is an emphatic “no”. A lot of the skeptics have assumed an either/or stance as far as bringing resources in the state via private enterprises on one hand, and rural development on the other. I would like to argue that these two aspects are indeed interrelated but in an opposite manner in which the skeptics are assuming.

To be fare, one must give credit to the Marxist government of West Bengal for achieving remarkable success in the 70’s and 80’s as far as agricultural production is concerned. In the 1980’s West Bengal was the fastest growing state as far as agricultural production was concerned with a growth rate of 6.5 percent for foodgrain production. And also, this success had been shared quite equitably amongst the poor farmers. But if one analyzes the data more carefully, there is a distinct downward trend after that. Cereal production rose by 28% between 1985-86 and 1990-91 but after that period this rate was 14% in 1995-96 and 11 percent in 2000-01. The growth rate of agricultural output fell from a high of 16% in 1985-86 to 9% in 2000-01. The question is what has brought this decline? A large part of this high growth rate in the 80’s had been brought about by the adoption of boro rice production based on the use of high-yielding varieties and irrigation water. In the 90s most places suitable for rice production had already made the switch to the high yielding variety and related to this, the scope for further expansion of diesel tube-wells and canal irrigation seems to be relatively limited. Hence what has happened is what economists call, diminishing marginal returns. Put more simply, the additional returns from agriculture has become too low. Definitely I am not implying that the agriculture sector should be abandoned altogether. But to bring about a significant breakthrough, finances are needed. Given the state government’s current financial position this is almost an impossible task. Hence the foremost thing needed now is to raise resources, which explains the role which Buddhadeb Bhattacharya is trying to accomplish. This might seem like a change of priorities by the Marxist government but I would say that they are responding to the need of the hour rather than being enclosed in their ideological straitjackets.

What is being done by the state now is just making business opportunities more amiable to private enterprises coming to our state. This was supposed to be done almost a

decade ago, and there is no denying the fact that the entire 90's was a lost decade as far as West Bengal's economic status is concerned. There were no legal and property rights in place and the infrastructure of the state was pathetic. How can one expect businesses to flourish in such a scenario? Infact a particular aspect which Buddhhababu is trying to stress is the labor attitude in our state (his often quoted statement "perform or perish" sums it). West Bengal had amended the Industrial Disputes Act of 1947 in a pro-worker direction as against other states like Andhra Pradesh, Gujarat and Karnataka. There is a new influential study from the London School of Economics by Timothy Besley and Robin Burgess, which shows that this amendment has not only lowered output, employment, investment and productivity but has also contributed to higher urban poverty in Bengal. In a sense what Buddhhababu is trying to do is to correct those years of forgone opportunities.

If one looks at the economic history of India it is very clear that India also went through this trajectory. The first 40 years or so since our Independence, India was planning according to a model which was based on self reliance on public enterprises. That clearly did not work and it had to change its focus in the early 90's. It was late, but in the end a job well done. We are seeing the fruits now, where the country is growing at the rate of 7% and higher. What the West Bengal government is trying to do is to build resources and then hopefully channel the fruits to the different sectors of the state. I say 'hopefully' because of a particular aspect of West Bengal politics that is rather worrisome. There is no viable opposition party in the state. There have been promises here and there over the years, but none to bother the dominance of the CPM. This has bred a lot of inefficiencies in our state. It is true that "CPM er dadagiri" has become obnoxious and this can only be rectified by a change of power that will lead to a flattening out of this complacent attitude. The argument that if the state does not perform adequately in the rural sector then they will be voted out of power (as happened in a number of states in the last national elections), does not quite hold in the case of West Bengal. The reason as to why a viable opposition did not develop is a separate issue to analyze, which is not the main focus of this article. So hopefully the next stage of the two stage procedure outlined above will be implemented by the Left. Or better, the rise of an opposition party with a strong voice is rather welcome in our state to assure that this happens.

Lastly, the argument that Buddhhababu's reforms are Kolkata centric is not entirely true. The recent dealings with the Salim group highlights that. The Group was given land in 24 Parganas, Howrah and Uluberia which are one might say in the outskirts of Kolkata. I think that is very crucial for a broad based development agenda. Infact the situation of Bangalore is a case in point where the extreme concentration of industries within a city has led to a significant deterioration in the infrastructure. The traffic jams in Bangalore are worse than anywhere else in the country and the water situation is rather deplorable. Hopefully that might set an example and a motive to spread the industrial development further away from Kolkata. The state should take an active role in enhancing the accessibility of such pockets of development to other parts of the state. In this respect I would say, that the reason why the US is much more homogenous in its development (outliers definitely exist- as the recent Katrina disaster exposed) is because of the extremely efficient highway system. Thus investment in the lines of communication is essential for Bengal.