

Employment Question and Left Front Government

Subhendu Dasgupta

[This paper aims to discuss the question of employment generation as reflected in two industrial policies of the Left Front Government in West Bengal. It will be a kind of looking back in order to understand the present scenario of failure of the Left Front in solving the unemployment situation in this state.]

The Left Front Government since its inception in 1977 had announced two industrial policies in the form of written text. One just after coming into power in 1977 and the other in 1994.

In 1977 in the background of the enthusiasm of creating a left government in the state the Government of West Bengal declared a *radical* industrial policy.

This policy on the question of employment stated that the growth of unemployment would be arrested, increased employment would be provided and the growth of small and cottage industries should be encouraged.

For these steps the stranglehold of the big houses, foreign and multinational firms on the economy of the state would be lessened, and in opposition, indigenous technology and industrial technology and industrial self-reliance would be encouraged. Moreover the control of the actual producers i.e. the workers over the industrial sector should be increased.(1)

The arguments, placed in favour of these proposed steps, were the following— First, “in the years since independence, the multi-national companies and big houses have utilized 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. Only a part was utilized to set up new units. *These new units were generally highly capital intensive ...the generations of employment in such units were relatively low even by the standards of the traditional large-scale industries of India*”(2)

Second, there are industries in the small scale sectors, “which everybody recognizes as relatively *labour-intensive*. Given appropriate support and technical guidance, such small units can become free of domination by the big firms and can *generate... employment*.” Some of the areas in which “the state should provide assistance to countervail the domination of large Indian and foreign firms” were also identified.(3)

In this respect it was stated in the policy paper that a “State Council of Science and Technology should be set up to promote small and village industries through research on products and processes that can provide more *employment...*; a proper harnessing of existing skills and the development of skills for labour-intensive technologies and technologies for mass consumer and producer goods can go a long way to increase industrial employment.” (4)

What was preached in the policy paper, however, was not translated into reality. In a paper, written long back in 1985, this writer tried to show deviations of the Left Front Government from its declaration in the sphere of industrial activities.(5)

First, the Left Front Government had not taken any step detrimental to the operations of foreign capital in West Bengal. On the contrary, appeals were made to the transnational corporations for investment ; the West Bengal Industrial Development Corporation (WBIDC) published a booklet, mentioning a list of areas where foreign capital could invest; loans were given to the foreign firms from the WBIDC under the state incentive schemes; joint ventures were established between the WBIDC and West Bengal Electronics Industry Development Corporation on the one side and the foreign firms on the other.

Second, similar kinds of favourable steps were taken for Indian private capital.

Third, the development and use of indigenous technology was not encouraged. On the contrary, State industrial units had undertaken foreign technical collaborations; loans were given by the WBIDC and the West Bengal Finance Corporation to the firms operating with foreign technology.

What had been practiced at the governmental level in the industrial sphere since coming into power by the Left Front had actually been presented as a policy paper in September 1994.(6)

Officially 1994 Policy should be considered as the industrial policy of the state government that is valid till now. Only those points referred to in the 1994 policy that are related directly or indirectly with the question of employment generation are being discussed here.

The employment generation programme is not specified in detail in this policy. There are a few stray comments. However the statements may be classified into two categories for analysis.

Category A : Where the issues of employment had been directly mentioned :

1. Employment will be generated in the *small and cottage industries* where local resources and skill will be used.
2. Employment expected to be created in the *unorganized sector*, specially in food processing, edible oil and vegetable processing.
3. In case of modern industry special mention has been made of the Haldia Petrochemical Project, where large-scale employment will be generated through downstream.
4. Appropriate and correct project proposals will be prepared for the revival of the sick industries to save the existing employment specially in jute, cotton textile and engineering industries.

Category B : Where the issues that will indirectly affect employment have been referred:

1. The government is in favour of new technology, which will act in favour of mutual interest.
2. The transnational corporations' interest in investment is considered as a good sign.
3. Foreign technology and investment are welcome on the basis of mutual interest.
4. Acceptance of importance and the role of the private sector for rapid development.
5. To face competition modernization of the industrial units are prescribed.
6. In case of revival of the sick industries the workers are advised to sacrifice their interests.

7. In the face of competition in the market skill of the workers is needed.

With the above-mentioned elements of industrial policy, neither will a substantial magnitude of employment be generated, nor will the existing employment be sustained.

First, in the foreign firms, the nature of investment is capital intensive and modern technology is used. The basic character of this investment and technology is such that these will not create opportunities for significant generation of employment. This had been mentioned in the 1977 industrial policy of the Left Front Government. In the foreign firms, number of employment does not increase at the same rate as the increase of capital invested. In the official statements, the government only mentions the amount of capital invested or proposed to be invested in the projects, not the number of jobs created by the projects.

Second, for the operation of the foreign firms, the capital goods will be imported from outside, and thus, there will be no scope for employment generation in the capital goods and ancillary sectors in this state. Even if in future the ancillary products are planned to be produced here, this would be manufactured with foreign technology, where scope for employment will be meagre.

Third, the foreign firms will either produce the identical products or the substitutable products of the existing goods produced by the Indian firms. Indian market is generally characterized by a preference towards foreign goods and there is a corresponding aggressive marketing strategy of the foreign firms. As a result the production of the existing Indian firms will be hampered. There are a few possibilities —

- i) the Indian firm might go out of production,
- ii) the Indian firm will be merged with the foreign firms,
- iii) the Indian firms will be acquired by the foreign firms,
- iv) Indian firms will bring foreign technology, under the programme of modernisation or nationalisation. In all these cases the employment situation will be badly affected.

Fourth, as the emphasis is given on foreign technology, the development of indigenous technology in the national laboratories will be disturbed and this will also affect the employment in this sphere.

For one thing the glaring inconsistencies in the industrial policy of 1994 are there for all to see.

First, the Government of West Bengal has placed much importance on the Haldia Petrochemical Project as a harbinger of the industrialisation of the state. It has been propagated that this will solve the employment crisis to a large extent. But the truth remains unexposed. The synthetic products produced in the Haldia Petrochemical Project had replaced the products jute, cotton textile, glass, paper and small iron industries. The number of employment generated in the petrochemical sector was insignificant in terms of the magnitude of labour displaced in these traditional sectors of this state.

Second, the government has admitted that the small and cottage industries have important role in the solution of unemployment crisis. But there is no concrete proposal for protecting their markets from the onslaught of the big

firms. The government being the largest buyer of products no scheme has been made regarding compulsory purchase from the small and cottage sectors.

Third, the government has suggested that for sustaining the large volume of employment in the sick industries, appropriate and correct revival project should be prepared. But all the revival proposals propose drastic retrenchment of labour. It is mentioned in the policy paper that, for the revival of the sick industries, workers have to sacrifice their interest, but no sacrifice on the part of the owners of the capital is sought. However it has never been proved that workers are responsible for sickness of the industries.

In order to understand the failure on the part of the Left Front Government to prepare a policy for employment generation in the industrial sector of the state, it is equally important to analyse the ideology behind the formulation of the industrial policy of 1994.

The basic premise with which the policy has been framed is that the term 'industrialisation' has a single meaning as constructed by the so-called industrial world. The Left Front Government's primary consideration is production, whatever be the products, whatever be the way the products are to be produced. In this frame of thought the technology used in the so-called industrial countries are considered to be appropriate for industrialisation of the State of West Bengal. It has not been taken into account that West Bengal has a different society, culture, geography, history and economy than those of the industrial countries. (7) The two spaces have different histories of industry and technology. In countries from where technology is invited employment generation has never been the motive force behind the invention and development of technology.

In the specific historical, social and economic situation in West Bengal, employment generation is a state agenda. The underlined objective of the industrial policy of 1994 is privatisation of industrial activities. The idea operating behind this objective is that the private entrepreneurs are efficient. Empirical evidences show the contrary results. Most of the sick industries are under private ownership. In truth employment generation has never been the primary motive of the private enterprises. Yet the policy paper has relied on the private sector for the industrialisation of the state.

The ideological crisis of the Left Front Government in respect of the question of industrialisation has also been reflected in the corresponding Economic Review of the State (1994-95).

In the chapter on industry four major factors, which have been stated to generate impetus for industrial growth of the state, have been identified. They are i) increase in purchasing power in rural areas, ii) easy availability of power, iii) large skilled workforce, iv) long-term political stability.(8)

It is stated in the Review "in consonance with these favourable factors, the State Government has announced the new industrial policy" of which the salient features are that i) "the State Government welcomes foreign technology and investment as may be appropriate and mutually advantageous", and ii) "the key role of the private sector" has been recognized by the state.(9)

It seems to be very difficult to find out any normal 'consonance' between the stated favourable factors and the above-mentioned salient features.

One may endeavour to construct the consonance in the following fashion. The private industrial enterprises, specially the foreign firms, using the cheap skilled labour (they are cheap because they are large in number) will exploit the market. Moreover, as the political stability in the state has been declared, workers will not be allowed to press for their demands. In this constructed frame one may not find any solution to employment generation. One may ask why is any reference to large unskilled labour absent in the policy? One may ask how will the unrestricted application of modern foreign technology create employment for a large number of unskilled workforces? One may raise a question how will the reference to political stability help the workers to sustain their present employment? The 1994 industrial policy does not provide any answer. Employment generation remains an unanswered question in the industrial policy of the Left Front Government in the State of West Bengal Government in 1990s and it is true even today.

References :

1. Government of West Bengal, 'Industrial Policy for West Bengal', *Social Scientist*, Vol.6, Numbers 6 and 7, January-February 1978, p.103 *ibid*, p.103 *ibid*, p.104
4. *ibid*, p. 106
5. Subhendu Dasgupta, 'Silponiti O Karjodhara : Bamfronter Dwimukhinata', *Anyar Artha*, No. 19, May 1985, pp. 26-36
6. Paschimbonger Silpounnyaner Rupo-rekha', *Ganashakti*, 23 September 1994
7. Subhendu Dasgupta, 'West Bengal: in Search of a Technology Policy', *Frontier*, Vol.27 No. 41, May 20,1985, p.8
8. Government of West Bengal, *Economic Review 1994-95*, Vol.1, p.34
7. *ibid*, p.34