

## **A Dangerous Analogy**

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Narendra Modi's attempt to imitate Jawaharlal Nehru by giving a mid-night speech on July 1 at the Central Hall of parliament, while inaugurating the Goods and Services Tax, could perhaps be passed off as a merely laughable idiosyncrasy. His equating, or even putting on a parallel footing, a mere tax-reform with the grand historic event of India's attaining independence, could perhaps be shrugged off as just harmless self-promotion by one who prides himself as the author of the tax-reform. But the speech he gave on this occasion invoked an analogy that is extremely dangerous and that cannot go unchallenged, for it represents an attitude of a mind that threatens our future.

Modi mentioned Jawaharlal Nehru's name only once. The person whom he recalled at length was Vallabhbhai Patel. And the burden of his speech was that the GST has the same role to play in unifying India today that Patel's integration of princely states with the Indian Union had played in an earlier era.

Now, the integration of princely states with the Indian Union was part of India's democratic revolution. If the people of the country were to awaken to freedom and democracy, then they had to shake off the feudal exploitation to which they had been subjected by the rulers in the princely states, and against which they had risen in glorious revolt, even as the anti-colonial struggle was raging in "British India". Non-integration would have been an absurdity since it would have meant that some Indians, enjoying certain fundamental rights and electing their government through universal adult franchise, would have had to co-exist alongside other Indians who continued to suffer the medieval barbarism that characterized most princely states.

The equality among all Indians proclaimed by the Constitution would then have been circumscribed by the fact that a whole lot of Indians who happened to be born in certain regions that the British had chosen not to annex, continued to suffer the horrendous institutional inequality of a feudal system.

That of course would have been a travesty. But, more importantly, if the princely states were not integrated into the Indian Union, then the basic inequality upon which they were founded would also have corroded the equality that the others were supposed to enjoy under the Indian Constitution. The point in other words was not just that the democratic revolution would have been absent in the princely states; the point is that the democratic revolution would have been subverted in the country as a whole, for all Indians. Patel's actions as the Home Minister of a free India therefore were well in keeping with the agenda of a democratic revolution.

Now, the Goods and Services Tax is simply the replacement of one tax-system by another. It introduces one tax in lieu of other taxes which had existed earlier within an India that was resting upon a democratic Constitution. It has nothing whatsoever to do with the carrying forward of India's democratic revolution. Its benefits have been discussed, even by its proponents, in terms of its "efficiency", its "simplicity", its "contribution to growth" and such like, but never in terms of its democratic credentials.

Indeed, if anything, its opponents, among whom I count myself (and I am in the distinguished company of Amartya Sen here), but of whom the most articulate by far has been Ashok Mitra, have been arguing for long that the GST is an extremely anti-democratic measure. It takes away the Constitutional rights of state governments and centralizes power with the Union government, thereby dealing a powerful blow to the federal structure of the country which is an essential component of our democracy. Instead of the sales tax which was assigned to the state governments by the Constitution, and whose coverage and rates they were absolutely free to choose, we now have a GST whose rate can be altered only by the GST Council where each state government is represented along with the Centre, and has only one vote.

But let us forget what the critics say. Let us ignore the fact of the GST being anti-federal and hence anti-democratic. The point is that it is certainly not a measure that is meant to be democratic, that carries forward India's democratic revolution, and hence certainly not on a par with the integration of princely states with the Indian Union. Modi's analogy therefore is plain wrong. It can only be made by a person who has little understanding of the country's democratic revolution.

But the analogy is worse than that. What Modi was suggesting, and he said so explicitly, is an equation between centralization and the unity of the country. His opposition to princely states, and his applause for Patel's integration of these states into the Indian Union, rests on the argument that having a multiplicity of such states represented a chaotic situation. He applauds Patel not because Patel's measure meant a carrying forward of India's democratic revolution but because it ended a state of chaotic multiplicity, just as he believes that the GST would do. On this perception, centralized uniformity is desirable while the multiplicity that is necessarily the hallmark of a federation is highly undesirable: the "nation" can be united only on the basis of such centralized uniformity.

This view is seriously objectionable. It's apotheosization of uniformity and centralization makes it immanently opposed to any decentralization, to any devolution of powers. If multiplicity of tax-rates, or non-uniformity of tax-rates, is to be frowned upon, then there is little reason to have any devolution of powers to the panchayats too. If state governments with their multiplicity of sales tax rates are to be "disciplined" into giving up their power to fix rates, then exactly the same logic should be applied to the panchayats as well. The only reason why panchayats may not attract much attention is because the taxes they levy hardly affect the corporate-financial oligarchy. But then it must follow that Modi's lack of agitation till now about the "chaos" arising from the panchayats' taxing powers, springs not from any absolute principles, but from a sole concern for the interests of the corporate-financial oligarchy. Put differently, what the Modi world-view amounts to is the maxim: centralization is always good; it is especially good when it is in the interests of the corporate-financial oligarchy.

Modi's analogy has dangerous portent because his terrain of discourse has no place within it for democracy and the democratic revolution. This is evident from the complete lack of cognizance of these issues in his adulation for Patel's measures incorporating the princely states into the Indian Union.

It is interesting that even in the United States, the worlds' most "true-blue" capitalist country where corporate interests are usually accommodated with deference in the

formulation of State policy, the commitment to federalism has been so strong that there has never been any talk of a uniform Goods and Services Tax. Indeed federalism had been a founding principle of that country, because of which the U.S. has lived for decades with the “chaos” of multiple tax-rates imposed by different states. And there has never even been any suggestion that the growth rate of the U.S., or its unity as a nation, has been undermined by this fact. On the contrary, within America there is the pervasive belief that its unity has been strengthened by this non-uniformity, by the fact that different states have the ability to tax as they like and therefore consent freely to be part of the Union.

The authoritarianism and the uniformity loved by the Hindutva elements find reflection in the tax proposal that the GST embodies. This is a point about the GST made by none other than Modi himself, through the medium of his analogy; it cannot be put down to an ascription that an outsider is making. Ironically, Modi’s speech celebrating the GST’s overcoming of “chaos” through an abridgement of the powers of the states, is a vindication of the point that critics of the GST have been making. They have been underscoring the necessity of such “chaos” in a democracy, since different states run by governments belonging to different political parties with different ideologies, must have the scope to put into effect their different conceptions of how the state’s economy should be run. Allowing scope for this would cause the kind of “chaos” which Modi abhors, but which is integral to democracy.

Democracy in India faces a severe threat from the penchant for centralization and uniformity that the Hindutva forces have and which Modi articulated in the Central Hall on July 1 through his misleading analogy between the GST and the integration of princely states. This is a mindset that needs to be resisted.